

Maryland Department of General Services

# INVENTORY STANDARDS

SUPPORT  
SERVICES  
DIVISION

# INVENTORY CONTROL MANUAL

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**DEPARTMENT  
OF  
GENERAL SERVICES**

**INVENTORY STANDARDS AND SUPPORT SERVICES DIVISION**

**INVENTORY  
CONTROL  
MANUAL**

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## **INTRODUCTION**

A responsibility of the Department of General Services (DGS) is to prescribe standards for controlling inventories of materials, supplies and fixed assets and to establish the means for the State to determine the total values of these inventories.

This manual has been prepared to make available to each agency a ready reference for matters concerning the control of its inventories and to set forth the rules that govern the reporting of inventory values. Also included are the procedures for disposing of excess and surplus personal property and for reporting personal State property that is stolen or missing.

Any comments, suggestions or questions concerning the procedures, exhibits/appendices in this manual may be directed to Ms. Kathryn Wilson, Program Manager at (kathryn.wilson@dgs.state.md.us) or 410-767-0587.

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## **SECTION I**

### **GENERAL PROVISIONS**

#### **.01 AUTHORITY**

- A. Section 4-306 of the State Finance & Procurement Article, Annotated Code of Maryland, requires the Secretary of the Department of General Services to formulate and prescribe standards for maintaining stores and inventory control for all materials, supplies and equipment required by using authorities of the State. Also, each using authority shall keep on file in the Office of the Secretary of General Services an inventory of all materials, supplies and equipment in its possession as shall be designated by the Secretary. Such inventory shall be submitted at least once annually and shall be subject to audit.
- B. The authority for disposing of excess or surplus personal State property is vested in the Secretary of the Department of General Services under §4-501 through 508 of the State Finance & Procurement Article. Rules and regulations for implementing this Article are approved by the Board of Public Works.
- C. In accordance with Executive Order No. 01.01.1987.19 of July 1, 1987, the Maryland State Agency for Surplus Property (MSASP) was transferred from the University of Maryland to the Department of General Services. Disposition of State surplus property as well as distribution of Federal surplus property is a function of MSASP as a result of the Executive Order.

#### **.02 POLICIES AND PURPOSES**

The principal policies and purposes of these procedures, among others, are to:

- A. Ensure the efficient use of capital invested in the State's inventory of materials, supplies, and food.
- B. Provide consistent guidelines for the management and protection of State property.
- C. Establish uniform procedures for reporting inventory values.
- D. Provide consistent guidelines for reporting missing and stolen State property.

- E. Dispose of excess and surplus personal State property in a manner serving the best interests of the State.

### **.03 GENERAL INFORMATION**

- A. Plans for the adoption of computerized inventory systems shall be approved by the Department of General Services. Requests for information or assistance regarding inventory systems, records, or the preparation of required reports as well as suggestions for improving this Manual should be directed to:

Department of General Services  
Inventory Standards and Support Services Division  
301 W. Preston Street, Room 1009  
Baltimore, Maryland 21201  
410-767-0587

- B. To insure compliance with these procedures, the Department of General Services will conduct unannounced spot audits of inventory procedures at State agencies.
- C. The Legislative Auditor of the Department of Legislative Services audits inventory records of each agency and furnishes the Secretary of General Services with information as to the adequacy and accuracy of records and reports. Pursuant to its responsibility for monitoring compliance with inventory control procedures, the Department of General Services will take follow-up action on any exceptions reported by the Auditor.
- D. Property records and reports shall be retained in accordance with the Record Retention Schedule on file at each agency.
- E. Some of the forms referred to in this manual are available on the Department of General Services Website at [www.dgs.state.md.us](http://www.dgs.state.md.us). The use of photocopies of these forms is acceptable. The remainder of the forms, particularly card stock forms, are available from Department of General Services's print shop. Section VI identifies each form and its availability source.
- F. Any agency which finds that it must deviate from these established procedures and policies must submit its own inventory control procedures to Inventory Standards and Support Services of the Department of General Services for approval prior to implementation.
- G. Additional information regarding inventory procedures and controls are contained in the Appendices.

## **.04 DEFINITIONS**

The following terms have the meaning indicated when used in these procedures:

**"Buildings"** are structures for housing humans, marine, plant or animal life, materials, supplies, equipment and mechanical apparatus.

**"Building Improvements"** are changes to a structure that upgrade the value of the building such as additions, enlargements, and architectural redesigns and improvements and the like. Roof replacements, exterior painting, architectural replacements or repairs and the like are considered as normal maintenance items to retain the value of the building.

**"Capital Equipment"** (Nonexpendable Item) means any equipment item or furnishing having a probable useful life in excess of one year **and** a procurement cost of **\*\* \$100 \*\*** or more per unit, such as, furniture, machinery, instruments and other apparatus. The term includes all motor vehicles regardless of cost and livestock if the procurement cost is **\*\* \$100 \*\*** or more. It also includes sensitive items having a procurement cost of **\*\* \$50 \*\*** or more **and** a useful life of one year or more. **Firearms and other law enforcement weapons regardless of cost are considered capital equipment.** All capital equipment must be recorded, inventoried, and reported as a fixed asset to the Department of General Services.

**"Custodial Agency"** is the State governmental unit financially accountable for property under its control.

**DGS Department of General Services, (ISSSD) Inventory Standards and Support Services Division, (MSASP) Maryland State Agency for Surplus Property, and "Procurement and Logistics", are divisions of the Department of General Services.**

**"Excess Property"** means personal State property that is no longer needed by the custodial agency. The term includes usable and unusable items that have been replaced or that have become obsolete. It also includes property that is in excess of current requirements of the custodial agency, or is damaged, inoperable or not economical for the custodial agency to repair and maintain.

**"Expendable Item"** See Non-capital equipment

**"Fixed Assets"** includes land, land improvements, buildings, building improvements and capital equipment. The term does not include materials, supplies, and non-capital equipment.

**"Infrastructure"** Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples: roads, bridges, tunnels, drainage systems, water & sewage systems, dams and lighting systems.

**"Inventory Standards and Support Services Division" (ISSSD).** See DGS.

**"Junk"** means property that has no economic, scrap, or functional value.

**"Land"** means any land which is titled to or designated in any manner confirming ownership by the State of Maryland.

**"Land Improvement"** includes any improvement such as electrical, plumbing and heating systems, traffic signal devices, signs, storage tanks above or below ground levels, filtration systems, drainage components, sidewalks, bridges, fences and grounds beautification, including all landscaping.

**"Livestock"** includes all beef and dairy cattle, horses, mules, swine, dogs used in law enforcement and other stock. Animals acquired for laboratory and experimental use are not included.

**"Materials and Supplies"** (Commodities) means any item that is consumed, expended or changed in form by use, such as food, office supplies, raw materials, building and maintenance supplies, repair parts, items purchased for resale, storeroom supplies and other similar items needed to support normal operations.

**"Missing Property"** means property that has been reported missing as the result of an audit or inventory reconciliation and is frequently associated with items in storage.

**"Motor Vehicles"** includes all automobiles, vans, light and heavy duty trucks, graders, tractors, motorcycles and other such equipment contrived for conveying passengers or objects. Marine vessels and aircraft are considered motor vehicles.

**"Maryland State Agency for Surplus Property (MSASP).** See DGS.

**"Non-Capital Equipment"** (Expendable Item) means miscellaneous equipment, furniture, desk top articles and the like having an acquisition cost less than **\*\* \$100 \*\***, sensitive items with an acquisition cost less than **\*\* \$50 \*\***, or items with a useful life of less than one year.

**"Non-expendable Item"** See Capital Equipment.

**"Personal Property"** as opposed to real property refers to capital equipment items, non-capital equipment items, and materials and supplies owned by the State of Maryland.

**"Procurement & Logistics"** See DGS.

**"Real Property"** refers to land, including the buildings or improvements on it and its natural assets, such as minerals, water, etc.

**"Scrap"** means property that is no longer useful and has no value other than the market value of its base material.

**"Scrap Pile"** means an accumulation of property, no longer recorded as inventory, that will be sold for the value of its base material.

**"Sensitive Items"** are capital or non-capital equipment items such as all computer equipment but not limited to laptops, notebook computers, palm pilots, recording devices, portable tools, hand radios, cameras and the like that are prone to theft and concealable in a handbag or briefcase. Equipment items that are too large for concealment such as typewriters, projectors, chain saws and the like, **shall be considered sensitive items if there is a history of loss or theft within a particular agency. Firearms and other law enforcement type weapons are always considered sensitive regardless of acquisition cost.**

**"Serviceable Item"** means an item is functional or operates satisfactorily "as is" without repairs or refurbishing. Obsolescence or age should not be factors in determining whether an item is functional or operates satisfactorily. Serviceable items can be obsolete or very old.

**"Stolen Property"** means the sudden or conspicuous disappearance of property. Whether or not there is evidence of theft or forced entry, an item shall be presumed stolen by its sudden or conspicuous disappearance.

**"Surplus Property"** means personal property that is in excess of the requirements of the State. Excess property becomes surplus when it is no longer needed by any State Agency.

## **SECTION II**

### **INVENTORY CONTROLS**

#### **.01 GENERAL INVENTORY CONTROLS**

- A. Each agency is vested with the responsibility for the control, care, maintenance and security of all State property within its organization regardless of its value.
- B. Systems used for controlling inventory will vary among agencies and may even vary within an agency. This is resultant from agency size, complexity of operation, the number and variety of items to be controlled, etc. For this reason the Department of General Services does not prescribe a specific system for use by all agencies. However, the Department of General Services does prescribe basic inventory control standards. These standards are minimum requirements that must be met by any system, computerized or manual, for controlling inventories of State property. Agencies are responsible for establishing additional controls as appropriate and as circumstances warrant.

#### **.02 CONTROLS FOR LAND, BUILDINGS AND IMPROVEMENTS THERETO**

##### **A. Record Keeping Requirements**

For each State owned parcel of land and building within an organization's responsibility, the following minimum data shall be maintained:

- 1. Land or Building identification.
- 2. Construction cost code and contractor (or seller).
- 3. Acquisition cost and date.
- 4. The physical location of the land or building.
- 5. The source of funds and the amount (If more than one fund source, so indicate).
- 6. Payments to contractors, subcontractors, vendors, etc. for building construction, land and improvements thereto shall be recorded as they occur for each involved fund. Total payments completed to date should be reported at the end of each fiscal year.

7. Justification and authorization reference for transfer or disposal.

In manual systems, Form DGS-950-4 in (Section VI) is the recommended format for recording required information. Computerized systems shall have the capability to maintain and report required information.

B. Physical Inventories

Physical inventories do not apply to land, buildings and improvements thereto.

C. Reconciliation of Property Records

1. Control accounts shall be maintained for buildings, land, and improvements thereto. A control account is a summarized history of real property acquisitions, improvements and disposals and is maintained independent of the detail property records. A sample format for an inventory control account appears as Exhibit 1 in Section VI. The ending balance of an account should equal the beginning balance plus acquisitions (improvements) less disposals for the period being reported. Detail inventory records for land and buildings shall be reconciled at least annually with the covering control account. The total dollar value of the detail inventory records covered by a control account should equal the account balance. If there is a difference, the transactions recorded during the period shall be analyzed and the necessary adjustments made to the inventory records or to the control account as appropriate.
2. Adjustments to a control account balance shall be approved by someone in authority not below the level of Chief Administrative Officer (or designee) of an institution or major unit within a department or independent agency.
3. The final annual reconciliation shall be certified in writing by someone in authority not below the level of Chief Administrative Officer (or designee) of an institution or major unit within a department or independent agency. The certification shall be kept on file in the organization for audit purposes.

D. Reporting Requirements

At the end of each fiscal year, State agencies shall use the Annual Report of Fixed Assets - Exhibit 2 (See Section VI), to report the value of fixed assets which includes land, buildings and improvements thereto, equipment and construction in progress. This form must be prepared and forwarded to the Department of General Services along with an itemized

inventory listing including property description and dollar value. This information shall be submitted to DGS on or before July 15th of each year.

E. Disposal of Lands and Buildings

The disposal of land and buildings is governed by regulations promulgated by the State Clearinghouse for Intergovernmental Assistance, Office of Planning.

**.03 CONTROLS FOR CAPITAL EQUIPMENT (EQUIPMENT COSTING \*\* \$100 \*\* OR MORE AND SENSITIVE ITEMS COSTING \*\* \$50 \*\* OR MORE)**

The Board of Public Works has delegated to the Department of General Services authority to allow custodial agencies to increase the threshold for capitalizing equipment assets to as high as \$500.00 for non-sensitive items and to as high as \$250.00 for sensitive items. Refer to Appendix VII for instructions and procedures.

A. Record Keeping Requirements

A procedure for maintaining a capital equipment inventory system, manual or computerized, shall be written and implemented. A copy of the procedure shall be retained on file for reference and audit purposes.

These requirements are applicable to each State owned item of capital equipment within an organization's responsibility and on loan to the organization (refer to Section III .03 for additional information).

The following minimum data shall be maintained:

1. Item identification consisting of at least the agency property identification number and description (refer to .03 E. of this Section)
2. Name of supplier and purchase order or other acquisition document number.
3. Acquisition cost and date.
4. Physical location of item.
5. Serial number, if any.
6. Source of funds.
7. Most recent physical inventory date.



8. Justification and authorization reference for transfer or disposal.
9. Detail inventory records and control accounts shall be maintained by category (equipment, motor vehicles, livestock) of fixed assets.

In manual systems, Form DGS-950-2 (Section VI) is the recommended format for recording equipment information. Form DGS-950-3 (Section VI) is recommended for motor vehicles, and Form DGS-950-5 (Section VI) is recommended for livestock. Computerized systems shall have the capability to maintain and report required information.

## B. Physical Inventories

### 1. Capital Equipment

- a. Sensitive Items - A complete physical inventory shall be taken at least once each year.
- b. Non-Sensitive Items - A complete physical inventory shall be taken at least once every three years.

It is not necessary that the physical inventory be taken in its entirety on a given date. Periodic checks may be made throughout the period between inventory cycles. However, by the end of each cycle, all items shall have been physically checked.

### 2. Non-Capital Equipment

Physical Inventories are not required.

### 3. Physical Inventory Documentation Requirements

A record of the capital equipment physical inventory (i.e. procedures, count sheets, etc.) shall be maintained until after the next legislative audit has been completed and as prescribed by the agency's record retention schedule.

## C. Reconciliation of Inventory Records

1. When the physical inventory is taken, inventory records shall be checked against the items inventoried to assure that records exist for each item, and that records for missing items are investigated, reported and removed in accordance with the procedures in Section V.
2. An inventory control account is a summarized history of acquisitions and disposals, and shall be maintained for each category of capital equipment independent of the detail records in

either an automated or manual system. A sample format for an inventory control account appears as Exhibit 1 in Section VI. The ending balance of a control account should be equal to the net value of the beginning balance plus acquisitions less disposals for the period being reported. Inventory records for capital equipment shall be reconciled with the covering control account at least quarterly for computerized systems and at least twice annually for manual systems. The total dollar value of inventory records covered by a control account should equal the account balance. If there is a difference, the transactions recorded during the reconciliation period shall be analyzed and the necessary adjustments made to the inventory records or to the control account as appropriate.

3. Adjustments to a control account balance or to the inventory records shall be approved by someone in authority not below the level of Chief Administrative Officer (or designee) of an institution or major unit within a department or independent agency.
4. The final control account reconciliation shall be certified in writing by someone in authority not below the level of Chief Administrative Officer (or designee) of an institution or major unit within a department or independent agency. The reconciliation data and the certification shall be kept on file in the organization for reference and audit purposes and as prescribed by the agency's record retention schedule.

D. Reporting Requirements

At the end of each fiscal year, State agencies shall use the Annual Report of Fixed Assets - Exhibit 2 (See Section VI), to report the value of fixed assets which includes land, buildings and improvements thereto, equipment and construction in progress. This form must be prepared and forwarded to the Department of General Services along with an itemized inventory listing including property description and dollar value. This information shall be submitted to DGS on or before July 15th of each year.

E. Equipment Identification

1. Capital equipment items shall be marked with a property identification number and the words "Property of the State of Maryland". Agency designation is optional. The marking shall be conspicuously located on the top or side of items so as to be readily seen, and shall be applied in a neat and tasteful manner. (See Appendix V for recommended identification procedures.)

- a. Permanent type labels that cannot be removed without damage to the item will be used on all capital equipment items.
- b. If permanent type labels are not practical, the surface of the items shall be etched or indelibly marked.

F. Disposal of Serviceable and Unserviceable Capital Equipment

Refer to Section IV for the disposal and removal of serviceable and unserviceable capital equipment from inventory records.

G. Disposal of Property Acquired Under a Federal Grant or Cooperative Agreement

Unless specified in the grant or agreement, equipment and furnishings acquired under Federal Grants or Cooperative Agreements will be disposed of in accordance with the procedures in Section IV.

#### **.04 CONTROLS FOR NON-CAPITAL EQUIPMENT**

Each agency is vested with the responsibility for the control, care, maintenance and security of all State property within its organization regardless of its value.

A. Record Keeping Requirements

Equipment serial numbers shall be recorded since they are required when reporting property that is stolen or missing. There are no other record keeping requirements.

B. Physical Inventories

Physical inventories are not required.

C. Reporting Requirements

Inventory values should not be reported to the Department of General Services.

D. Equipment Identification

Non-Capital equipment items shall be marked with the words "Property of the State of Maryland". Identification numbers are not required, and the agency designation is optional. The marking shall be conspicuously located on the top or side of an item so that it can be readily seen. A permanent type label that cannot be removed without damage to the item may be used as well as engraving or indelible marking. (See Appendix V for recommended identification procedures.)

E. Non-Capital Equipment Maintained As Inventory Stock

A non-capital equipment item that is maintained in inventory for issue to users shall be recorded as a material and supply item (refer to .05, A. of this Section) as long as it remains in inventory. When issued from the material and supplies inventory to a user, an item becomes a non-capital equipment item in the user's program.

F. Disposal of Unserviceable Items

Items that are unserviceable and not economical to repair should be placed on a scrap pile or junked. Disposal by scrapping or junking shall be approved by the agency Property Officer.

G. Disposal of Serviceable Items

Serviceable items that are no longer needed by an agency shall be reported to the Department of General Services in accordance with the procedure in Section IV.

H. Disposal of Property Acquired Under a Federal Grant or Cooperative Agreement

Unless specified in the grant or agreement, equipment and furnishings acquired under Federal Grants or Cooperative Agreements will be disposed of in accordance with the procedures in Section IV.

**.05 CONTROLS FOR MATERIALS AND SUPPLIES**

A. Record Keeping Requirements

1. Perpetual inventory records provide information necessary to manage and control inventories, and shall be maintained if:
  - a. The average grand total of the last three inventory values, reported on the Form DGS-950-1 (Section VI) for a department, independent agency or sub-unit thereof, is at least \$ 25,000; OR
  - b. If the averages for the last three years of annual expenditures in object codes 05 and 09 for a department, independent agency or sub-unit thereof, exceeds \$250,000.
  - c. Exemptions to this policy must be approved in writing by the Inventory Standards and Support Services Division of the Department of General Services.

2. When perpetual inventory records are required, a procedure for maintaining a perpetual inventory system, manual or computerized shall be written and implemented. A copy of the procedure shall be retained on file for audit purposes.
3. Perpetual inventory records shall contain, at the minimum, the following information:
  - a. Item identification consisting of a description and State standardized commodity code. (Refer to the National Institute of Governmental Purchasing Commodity/Service Code System Index.
  - b. Quantity Received and Purchase Order or Receiving Ticket Number.
  - c. Quantity Withdrawn and Withdrawal Ticket Number.
  - d. Balance of Inventory on Hand.
  - e. Adjustments to the on Hand Balance and Adjustment Voucher Number.
  - f. Unit of Issue.
  - g. Unit of Issue Cost.
  - h. Supplier's Name, Purchase Order Number, Unit Cost and Order Quantity.

In manual systems, Form DGS-950-7 (Section VI) is the recommended format for keeping perpetual inventory records. Computerized systems shall have the capability to maintain and report required information.

**B. Physical Inventories and Cycle Counting**

1. Schedule
  - a. Whether or not perpetual inventory records are required, a physical inventory of all items shall be taken within the last ninety days of each fiscal year, preferably at the end of the fiscal year.
  - b. More frequent checks (cycle counts) of high dollar usage items shall be made throughout the year for control purposes. (Refer to Appendix IV, Cycle Counting and Appendix VI, Computerized Systems Requirements.)

2. When taking annual physical inventories, lists of all materials and supplies shall be prepared. Item number, description, unit of issue, last unit of issue cost and the balance on hand expressed in both units and dollars, shall be shown for each item. No discounts shall be used to arrive at unit cost. On hand amounts shall represent physical inventory counts taken at fiscal year end (June 30), or they shall represent perpetual record balances as of June 30 which have previously been verified by physical counts taken within the last ninety days of the fiscal year. The grand total in dollars of all commodities listed shall be used to report the annual value of State property for materials and supplies on Form DGS-950-1. In addition to the DGS-950-1, shall be an itemized listing information including property description and dollar value. This shall be kept on file for the period between Legislative Audits. Form DGS-950-6 (Section VI), is a suggested format for the lists.

3. Reporting Requirements

At the end of each fiscal year, State agencies shall submit an annual report of State property, materials and supplies on a DGS-950-1 (See Section VI) to report the value of materials and supplies. The form is made available by annual mailings from the Department of General Services. It is also available on the DGS's website, at [www.dgs@state.md.us](http://www.dgs@state.md.us). The form must be prepared and forwarded to the Department of General Services along with an itemized listing including property description and dollar value. This information shall be submitted to DGS on or before August 15<sup>th</sup> of each year.

C. Reconciliation of Inventory Records

1. At the time of physical inventory or cycle count, the perpetual record balance shall be compared to the physical count for each item to confirm record accuracy.
2. If the record balance differs from the physical count, the variance shall be investigated and the record balance adjusted, up or down, to make it equal to the physical count. Each entry to correct a perpetual record balance shall be clearly recorded as an adjustment and not as a withdrawal or receipt. A voucher shall be completed for each adjustment, listing the date, item description, commodity code, unit of issue, unit of issue cost, a plus or minus variance expressed in both units and dollars, the reason for the adjustment and the signature of the approving authority. All adjustment vouchers shall be approved by someone in authority not below the level of Chief Administrative Officer (or designee) of an institution or major unit within a department or independent

agency. All adjustment vouchers shall be retained for audit purposes and in accordance with the agency's record retention schedule.

D. Inventory Levels

Agencies shall establish and record ordering controls such as, maximum stock levels and minimum reorder points, on perpetual inventory records. Ordering controls provide desired levels of stock out protection without incurring unnecessary inventory costs.

1. To keep inventory costs within Statewide guidelines, ordering controls shall produce an overall inventory turnover of at least three times per year. In a practical sense, this can be achieved by not ordering or receiving more than 3-4 months supply of high dollar volume items, or more than 12 months supply of low dollar volume items, whenever stock levels of the individual items reach their reorder points. Using authorities not adhering to this practice may incur excessive or unwarranted inventory costs.
2. In order to provide adequate stock out protection against late deliveries and more than normal usage, it is recommended that the minimum reorder point for any item be equal to its lead time (period of time between issuance of a purchase order until receipt of material) usage plus one month's supply. Levels need not be established for:
  - a. items which are received daily, weekly or purchased on a seasonal basis; or
  - b. items which are stocked for emergency purposes; or
  - c. standby items which protect State property or prevent costly shutdown of operations.

E. Inventory Withdrawals

Withdrawals from materials and supplies inventory shall be controlled by withdrawal tickets prepared in sufficient detail to properly show the quantity and description of items being reported.

1. The withdrawal ticket should be a multi-part form consisting of at least three copies.
  - a. One copy to be retained by the requisitioner for audit and receipt verification purposes,
  - b. One copy to be forwarded to the inventory records keeping function for record updating, and

- c. One copy to be retained by the storekeeper for overall control of completed tickets.
2. Prior to obtaining supplies, withdrawal tickets should be signed by someone in the requisitioning program authorized to approve inventory withdrawals. In emergencies and on occasions when it may not be practical to obtain advance approval, the approval authority shall review and sign all completed, unapproved withdrawal tickets, after the fact, to verify that items withdrawn were properly accounted for.
3. At the time supplies are issued, all storeroom copies of the withdrawal ticket shall be signed by the person receiving supplies.
4. All withdrawal tickets completed by the storeroom should be pre-numbered for reference and control purposes. However, if pre-numbering is impractical, the recommended procedure is to have the storekeeper assign sequential numbers to withdrawal tickets as they are completed.
5. The numerical sequence of posted withdrawal tickets should be monitored by the inventory records keeping function to account for all completed tickets from the storeroom.
6. To assure that items and quantities on posted withdrawal tickets have not been altered, the inventory records keeping function shall compare all copies of random samplings of completed withdrawal tickets.
7. All withdrawal ticket copies shall be retained for the period between legislative audits and as prescribed by the agency's record retention schedule.

F. Disposal of Materials and Supplies Acquired Under a Federal Grant or Cooperative Agreement (also refer to Section IV)

1. If there is a residual inventory of unused materials and supplies of \$5,000 or less in total aggregate of fair market value upon termination or completion of the award, disposal will be in accordance with State procedures in Section IV.
2. If there is a residual inventory of unused materials and supplies exceeding \$5,000 in total aggregate of fair market value upon termination or completion of the award, disposal will be in accordance with Federal regulations. The grantee or subgrantee shall contact the awarding agency for instructions.



## **SECTION III**

### **GENERAL INVENTORY MANAGEMENT REQUIREMENTS**

#### **.01 DELEGATION OF PROPERTY MANAGEMENT RESPONSIBILITIES**

To ensure effective management of the personal State property, control responsibilities shall be delegated to "Property Officers". Each Department or Agency shall be required to designate an individual, with an alternate to become trained and certified as a Property Officer. Both will serve as liaisons to the Department of General Services (DGS), Inventory Standards and Support Services Division (ISSSD). The respective Agency/ Departmental Property Officer must be a supervisory level employee and report to an individual no lower in the organization than an Assistant Secretary, or a comparable position who will have the ultimate responsibility for the Department's inventory. Custodial responsibilities shall be delegated to "Accountable Officers". The manner in which these responsibilities are delegated will depend upon agency size. Larger agencies may have an "Agency" Property Officer at the headquarters level with subsidiary Property Officers and Accountable Officers at each subordinate location. In smaller agencies, one person, with other primary responsibilities may serve as both Property and Accountable Officer. The Department of General Services will provide annual mandatory training and certification for Property Officers.

The Department of General Services will coordinate and conduct regular Property Officer meetings (User Group Meetings).

##### **A. Duties of Property Officers**

1. Initiate and implement internal inventory control procedures and make recommendations for improvements. Procedures shall be written and disseminated to all concerned. A copy of the procedures shall be kept on file for reference and audit purposes.
2. Coordinate and initiate action to take physical inventories of personal State property.
3. Maintain inventory records for fixed assets.
4. Receive and review Excess Property Declarations (Section VI; Forms DGS-950-9 and DGS-950-10) from Accountable Officers:
  - a. to determine if the excess property is no longer needed in the agency or parent department.
  - b. to verify the accuracy of the declaration and ensure that proper agency approvals are obtained.
  - c. forward approved declarations to DGS when property is no longer required by the agency or parent department.
5. Report missing and stolen property in accordance with Section V.

6. Reconcile physical inventories to inventory records.  
Reconcile inventory records to control accounts.
7. Ensure accurate inventories by test counting a reasonable number of items.
8. Verify the reconciliation of individual inventory records with physical counts by selecting a reasonable number of records and comparing them with the physical inventory.
9. Certify in writing, the completeness and accuracy of the agency's physical inventories.
10. Attend mandatory Department of General Services, Property Officers Certification Training annually.
11. Each Department or Agency shall produce one Department-wide Inventory Report. Annual Inventory Reports shall be itemized to include the property descriptions along with their values.

**B. Duties of Accountable Officers**

1. Assume custody of all personal State property under their jurisdiction.
2. Know the whereabouts at all times of all personal State property under their jurisdiction.
3. Conduct physical inventories of personal State property under their jurisdiction as required, and certify in writing, the accuracy of the physical inventory.
4. Sign all requisitions and receipts for incoming personal property.
5. Ensure that equipment is properly marked and identified.
6. Instruct employees they are personally responsible for the use and care of State property in their custody or under their control and for reporting losses promptly.
7. Require personnel to sign a receipt for property assigned to them for the conduct of official business outside the program or agency.
8. Report missing, stolen and damaged property to the Property Officer immediately upon discovery of loss or damage.
9. Report excess property to the Property Officer immediately when the property is no longer needed.

**C. Qualifications of the Accountable Officer**

Accountable Officers shall be supervisory or administrative employees with sufficient authority to direct the care and utilization of personal property assigned to them.

## **.02 EXCESS AND SURPLUS PROPERTY DISPOSAL**

- A. The disposal of land, land improvements and buildings is governed by regulations promulgated by the State Clearinghouse for Intergovernmental Assistance, Office of Planning.
- B. Capital Equipment
  - 1. Disposal by inter-agency transfer, selling, scrapping, junking or donation shall be conducted in accordance with the procedures in Section IV.
  - 2. Transfers within the same department or independent agency are not subject to procedures in Section IV and need not be reported to DGS.
- C. Non-Capital Equipment, Materials and Supplies
  - 1. The disposition of serviceable items outside the department or independent agency shall be conducted in accordance with the procedures in Section IV.
  - 2. The disposition of unserviceable items that are worn or damaged beyond economical repair is an agency responsibility and should not be reported to DGS.

## **.03 CAPITAL EQUIPMENT BEING LEASED; OBTAINED THROUGH GRANTS, LOANS AND DONATIONS; WITHOUT ORIGINAL COST INFORMATION; OR ACQUIRED FROM THE "MARYLAND STATE AGENCY FOR SURPLUS PROPERTY".**

- A. An item that is being leased shall be recorded and controlled in the same manner as other purchased items if:
  - 1. Terms of the lease transfer ownership of property to an agency by the end of the lease period; or
  - 2. The lease contains an option allowing an agency to purchase leased property for a nominal sum or price substantially less than fair market value at the time the option becomes exercisable.

Equipment under a lease/purchase agreement shall be recorded at full cost when it is received. The recorded inventory value shall be the cost of the equipment only and shall not include service, maintenance, or interest charges.
- B. Items acquired through Federal grants shall be recorded and considered property of the State. Under current Federal regulations:
  - 1. Title to equipment acquired under a grant or subgrant will vest upon acquisition in the grantee or subgrantee respectively.
  - 2. A State will use, manage and dispose of equipment acquired under a grant in accordance with State laws and procedures.

- C. Donated equipment becomes property of the State and shall be recorded immediately upon acquisition. The value of donated items shall be established at the time of acceptance. All donations, except those purchased by organizations such as hospital auxiliaries organized expressly for the purpose of donating items, shall be approved by the Department of Budget and Management prior to acceptance.
- D. Property on loan to the State shall be recorded and managed as though it were State property for the duration of the loan. Property labeling is optional, however, ownership of the item must be readily ascertainable through appropriate documentation.
- E. Property acquired from another agency to satisfy a short term or emergency need should not be recorded as agency property.
- F. Items now on hand without original cost information and such property acquired in the future shall be given an appraised value (i.e. estimated cost) and recorded for inventory purposes.
- G. Items acquired from the "Maryland State Agency for Surplus Property" (MSASP) shall be recorded in the same manner as other purchased items and shall be considered State property. The actual amount paid by the receiving agency to MSASP is the item's acquisition cost.

#### **.04 INTERNAL CONTROLS**

##### **A. Warehouse, Storerooms, and Office Areas**

To protect against theft and unauthorized usage of property:

- 1. Access to warehouses and storerooms should be controlled and limited to assigned personnel only.
- 2. Unauthorized persons should be denied access to storage areas.
- 3. Warehouses, storerooms and office areas should be locked during non-working hours and during working hours when unattended.
- 4. Keys to storage areas should be restricted to personnel responsible for these areas.

##### **B. Good Housekeeping Practices**

Good housekeeping practices should be followed at all times.

- 1. Materials and supplies should be stored in an orderly fashion to facilitate accurate commodity identification and counting.
- 2. Storage areas must be kept neat, safe and clean to protect inventories against losses from damage and deterioration.

C. Segregating the Functions of Storekeeping, Record Keeping and Inventory Taking

The duties of inventory record keeping, inventory custody and physical inventory taking shall be segregated whenever practical or economically feasible. This internal control measure provides reasonable, but not absolute, assurance that assets are protected against loss from unauthorized use or disposition. The concept of reasonable assurance recognizes that the cost of an internal control procedure should not exceed the benefit derived, and also recognizes that evaluation of these factors necessarily requires estimates and judgements by management.

Whenever it is not practical or economically feasible to segregate these duties, inventories and inventory procedures should be audited periodically by personnel not directly assigned to the storekeeping or record keeping functions to assure that physical stock balances agree with record balances and transaction quantities in the records agree with quantities on source documents (i.e. withdrawal tickets, receiving documents and adjustment vouchers). Periodically, a reasonable number of items and transactions should be randomly selected and audited. Audit results should be maintained until the next Legislative Audit has been completed and as prescribed by the agency's record retention schedule.

**.05 PROCEDURE FOR RECEIVING PROPERTY**

Each agency shall implement a procedure to ensure that property obtained by purchase, transfer, or donation is received in the following manner:

A. A central location for receiving materials, supplies and equipment shall be established, and personnel shall be assigned to receive incoming merchandise as a primary or secondary responsibility.

B. Verification of the Bill of Lading or Delivery

Freight carriers are responsible for the number of shipping containers (or weight) specified in the bill of lading or delivery ticket. Truckers will not wait for the contents of containers to be inspected for concealed damage. Therefore, personnel assigned to receive incoming merchandise shall:

1. Verify that the total number of shipping containers or the gross weight of the shipment agrees with the amount on the bill of lading or vendor's delivery ticket.
2. Visually inspect the outside of shipping containers or unpacked items for apparent shipping damage.
3. Any exception for weights, counts or apparent damage shall be brought to the attention of the person making the delivery, and shall be noted on the bill of lading or delivery ticket.

Failure to note an exception for a shortage or apparent shipping damage obligates the State for property described in the shipping document, and can forfeit the right to recover missing or damaged property losses from the freight company and the vendor.

C. Verification of Merchandise with the Purchase Order

1. Inspection of merchandise may be performed in the central receiving location or it may take place at a location in the requisitioner's area by personnel in the requisitioner's program assigned to receive property.
2. Copies of purchase orders, or written instructions to accept transferred or donated property, shall be maintained by personnel assigned to receive merchandise. If a copy of an open purchase order, or other written receiving instruction is not on file, receiving personnel should notify the agency buyer or program requisitioner of the delivery, and hold the merchandise until a copy is made available.
3. Within one working day after the merchandise has been received:
  - a. at least one shipping container of each different item shall be opened and visually checked for quantity, quality, and condition. (Several shall be opened for truck load shipments of the same item.)
  - b. The entire shipment shall be counted or weighed in the same units of measure specified in the purchase order.
  - c. For audit purposes, computations for arriving at counts or weights for each item must be clearly written on the receiving document.
4. The buyer shall be notified as soon as possible if:
  - a. The quantity weighed or counted for each item is not the same as the quantity on the packing slip or purchase order or
  - b. The number of units inside opened containers does not agree with the number appearing on the outside of the container and on the packing list; or
  - c. The appearance, packing, labeling or other means of identifying items does not agree with the identification or specifications in the purchase order; or
  - d. The condition of any part of the shipment is unsatisfactory.
5. Receiving personnel shall prepare a receiving document for each shipment, listing the purchase order number, vendor, quantity counted, name, unit of measure and commodity number, if applicable, for each item received.
6. All documents covering received merchandise shall be forwarded within two working days to appropriate agency personnel responsible for:
  - a. Approving and/or processing invoices for payment; and
  - b. Keeping inventory records.

## **SECTION IV**

### **EXCESS PERSONAL PROPERTY DISPOSITION**

#### **.01 AUTHORITY**

The authority for disposing of excess or surplus personal State property is vested in the Secretary of the Department of General Services under Title 4, Subtitle 5, § 501 through 508, State Finance and Procurement, of the Annotated Code of Maryland. Rules and regulations for implementing this Code are approved by the Board of Public Works.

#### **.02 SCOPE**

All State owned personal property including materials and supplies are subject to these procedures except State owned personal property covered by State Finance and Procurement Article, (Title 10 § 305).

#### **.03 GENERAL REQUIREMENTS**

- A. The Inventory Standards and Support Services Division (ISSSD) shall determine the method of property disposition.
- B. Excess property will be transferred to another State agency, whenever feasible, before other methods of disposal are considered.
- C. ISSSD may delegate disposal activities to the custodial agency, on a case-by-case basis.
- D. Unless other arrangements have been approved by ISSSD (i.e, auctioning of State surplus vehicles, etc.), all sales of surplus property will be transacted by Maryland State Agency for Surplus Property (MSASP).
- E. When items are no longer needed, they are to be declared to ISSSD as excess property. They should not be placed in storage, cannibalized, scrapped, junked, sold, transferred outside the agency or donated without ISSSD approval.
- F. When requisitioning a capital item which is to serve as a replacement for an existing item, the existing item shall be declared excess. This requirement may be waived by the Department of Budget and Management (DBM).

## **.04 DISPOSAL METHODS**

### **A. Transfers**

1. Intra-agency transfers (Property transferred within the same agency)
  - a. Whenever an item is declared excess to a program or sub-unit, the agency property officer shall insure that the property is made available to all other programs or sub-units of the agency.
  - b. If the property is needed elsewhere in the agency, it shall be transferred accordingly.
  - c. An Excess Property Declaration (DGS-950-9) is not required for intra-agency transfers.
  - d. The Property Officer shall insure that the proper internal recordkeeping has been completed.
2. Inter-agency transfers (Property transferred between agencies)
  - a. ISSSD shall determine if it is in the best interest of the State whether excess and/or surplus property shall be transferred between agencies.
  - b. An Excess Property Declaration (DGS-950-9) from the custodial agency and a letter from the requesting agency shall be submitted to DGS **prior** to the transferring of any item.
  - c. Transportation for moving property is the responsibility of the requesting agency. MSASP may provide pick-up and transportation services at the requesting agency's expense.
  - d. For Motor Vehicle Transfers (Refer to Appendix I - State Motor Vehicle Disposition).
  - e. Agencies shall submit to DGS the Excess Property Declaration, the DBM approval and letter from the requesting agency for the excess items.
  - f. Upon receipt of the Excess Property Declaration (DGS-950-9), ISSSD shall forward an Excess Property Disposal Order (DGS-950-11) to the custodial agency with disposal instructions.



- g. The custodial agency shall complete Section A of the (DGS-950-11) and return to ISSSD along with a receipt certifying that the items have been transferred.
- h. Approval to remove transferred items from the agency's property records will be granted after the agency has returned a copy of the Excess Property Disposal Order (DGS-950-11) certifying that all items have been disposed of as instructed.

B. Excess Property Bulletin

Serviceable excess property will be listed periodically in the Excess Property Bulletin, a Statewide Department of General Services publication, notifying State agencies, local governments, and non-profit organizations of available excess property.

Requests for inter-agency transfers (Property transferred between agencies) shall be handled in accordance with the procedures outlined in Section IV 04 2. Donations to local governments and non-profit organizations shall be handled in accordance with the procedures outlined in Section IV 04 G.

C. Trade-ins

- 1. ISSSD shall determine if it is in the best interest of the State to trade any item.
- 2. An Excess Property Declaration (DGS-950-9) with the trade-in allowance shall be submitted to ISSSD **prior** to trading in any item.
- 3. Upon receipt of the Excess Property Declaration (DGS-950-9), ISSSD shall forward an Excess Property Disposal Order (DGS-950-11) to the custodial agency with disposal instructions.
- 4. The custodial agency shall complete Section A of the (DGS-950-11) and return to ISSSD along with a receipt certifying that the items have been traded-in.
- 5. ISSSD shall complete Section B of the (DGS-950-11) and return to the custodial agency authorizing the removal of the items from the agency's inventory records.

D. Scrap

- 1. ISSSD shall determine if it is in the best interest of the State to scrap any item.
- 2. An Excess Property Declaration (DGS-950-9) shall be submitted to ISSSD **prior** to scrapping any item.

3. Upon receipt of the Excess Property Declaration (DGS-950-9), ISSSD will forward an Excess Property Disposal Order (DGS-950-11) to the custodial agency with disposal instructions.
4. The custodial agency shall complete Section A of the (DGS-950-11) and return to ISSSD along with a receipt certifying that the items have been scrapped.
5. ISSSD shall complete Section B of the (DGS-950-11) and return to the custodial agency authorizing the removal of the items from the agency's inventory records.

E. Dismantling for Recovery of Usable Parts (Cannibalize)

1. ISSSD shall determine if it is in the best interest of the State to dismantle for recovery of usable parts. (Cannibalized)
2. An Excess Property Declaration (DGS-950-9) shall be submitted to ISSSD **prior** to dismantling any items.
3. Upon receipt of the Excess Property Declaration (DGS-950-9), ISSSD will forward an Excess Property Disposal Order (DGS-950-11) to the custodial agency with disposal instructions.
4. The custodial agency shall complete Section A of the (DGS-950-11) and return to ISSSD certifying that the items have been dismantled/cannibalized along with a itemized list of the salvaged components.
5. Components not salvaged, but having scrap value shall be disposed of as scrap in accordance with Procedure .04 § D of this Section.
6. ISSSD shall complete Section B of the (DGS-950-11) and return to the custodial agency authorizing the removal of the items from the agency's inventory records.

F. Destruction

1. ISSSD shall determine if it is in the best interest of the State to destroy any item.
2. An Excess Property Declaration (DGS-950-9) shall be submitted to ISSSD **prior** to the destruction of any item.
3. Upon receipt of the Excess Property Declaration (DGS-950-9), ISSSD will forward an Excess Property Disposal Order (DGS-950-11) to the custodial agency with disposal instructions.

4. The custodial agency shall complete Section A of (DGS-950-11) and return to ISSSD certifying that the items were destroyed and discarded as junk.
5. ISSSD shall complete Section B of the (DGS-950-11) and return to the custodial agency authorizing the removal of the items from the agency's inventory records.

G. Donations

1. ISSSD shall determine if it is in the best interest of the State to donate any item.
2. An Excess Property Declaration (DGS-950-9) from the custodial agency, a letter from the donee, and the Statement of Surplus Property Utilization By A Local Subdivision Or Non-Profit Organization (See Exhibit 3), shall be submitted to ISSSD **prior** to donating any item to a local jurisdiction or non-profit organization.
3. Upon receipt of the Excess Property Declaration (DGS-950-9), a letter from the donee, and the Statement of Surplus Property Utilization By A Local Subdivision Or Non-Profit Organization (See Exhibit 3), ISSSD will forward a Excess Property Disposal Order with disposal instructions.
4. The custodial agency shall complete Section A of the (DGS-950-11) and return to ISSSD certifying that the items have been donated along with a receipt from the donee.
5. ISSSD shall complete Section B of the (DGS-950-11) and return to the custodial agency authorizing the removal of the items from the agency's inventory records.

H. Firearms and Other Law Enforcement Weapons

All excess and surplus firearms and other law enforcement weapons shall be reported to ISSSD in accordance with these procedures:

1. ISSSD shall determine whether such property may be transferred, traded-in or turned over to the Maryland State Police for destruction.
2. An Excess Property Declaration (DGS-950-9) shall be submitted to ISSSD **prior** to disposal.
3. Upon receipt of the Excess Property Declaration (DGS-950-9) ISSSD will forward an Excess Property Disposal Order (DGS-950-11) to the custodial agency with instructions to turn over to the Maryland State Police, Agency Property Unit Supervisor (telephone 410-799-1218) for disposition of any weapons not approved for trade or transfer. A receipt from the Maryland State Police for any weapons or firearms turned over for disposition is required.

4. Approval to remove these items from the agency's property records will be granted after the agency has forwarded a copy of the Excess Property Disposal Order (DGS-950-11) certifying that the disposal action has been completed along with a copy of the receipt from the Maryland State Police.

I. Motor Vehicle Disposition (refer to Appendix I)

**.05 DISPOSAL OF PERSONAL PROPERTY ACQUIRED UNDER A FEDERAL GRANT OR COOPERATIVE AGREEMENT**

A. Equipment

Under current Federal regulations:

1. Title to equipment acquired under a grant or subgrant will vest, upon acquisition, in the grantee or subgrantee respectively.
2. State agencies will use, manage and dispose of equipment acquired under a grant in accordance with State laws and procedures.

B. Materials and Supplies

Under current Federal regulations:

1. Title to supplies acquired under a grant or subgrant will vest, upon acquisition, in the grantee or subgrantee respectively.
2. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate of fair market value upon termination or completion of the award, and if the supplies are not needed for any other Federally sponsored programs or projects, the grantee or subgrantee shall compensate the awarding agency for its share.

(Ref: Federal Register; Friday, March 11, 1988; Part III: Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments; Final Rule; pp 8095-8096)

**NOTE:** Individual grants may vary slightly. Agencies should confirm disposal conditions with the grantor.

**.06 CREDIT FOR SURPLUS PROPERTY**

A. Trade-ins

If an agency trades in an excess item for a replacement item, credit is given by the supplier in the form of a reduced invoice cost of the

replacement item. The cost of the replacement item, less allowance for the trade-in, must be shown on the vendor invoice.

**B. Sales**

1. Monies received from property purchased with bond proceeds shall be deposited in the Annuity Bond Fund.
2. Monies received from property purchased with Special Fund proceeds shall be deposited in the appropriate Special Fund.
3. Monies received from property purchased with Federal funding shall be disbursed in accordance with governing Federal regulations.
4. Property not purchased with bond proceeds, dedicated revenue or Federal funds shall be distributed as follows:
  - a. Monies received for the sale or auction of personal State property not being replaced shall be deposited in the State's general fund and may not be credited to an agency's account unless the agency has obtained the approval of the Department of Budget and Management.
  - b. If it is in the best interest of the State to sell rather than trade in an item being replaced, proceeds from the sale shall be distributed as follows:
    - (i) If funds are appropriated in the budget for a replacement item at net cost (full cost less trade in value), an agency may retain the proceeds if the sale and the replacement purchase were transacted in the same fiscal year.
    - (ii) If funds are appropriated in the budget for a replacement item at full cost, or if the sale and replacement purchase were not transacted in the same fiscal year, monies received shall be deposited with the State Treasurer as general fund revenue.

**.07 POLICY**

- A. The preferential sale or gratuitous disposition of property to a State official or employee is prohibited in accordance with Board of Public Works policy.
- B. State Ethics Commission Opinion Number 24 prohibits State officials and employees from purchasing surplus personal State property if their official duties are directly connected with the disposal process. Also, other Ethics Law provisions generally applicable to surplus personal State property sales could, in particular situations, limit the private activities of a State

official or employee. For additional information, contact DGS Inventory Standards and Support Services Division.

- C. DGS Procurement & Logistics may suggest use of a surplus item to satisfy the requirements of a purchase requisition, provided that the item is functional, serviceable, and satisfies the needs of the requisitioning agency.
- D. State agencies are to consider surplus property acquired through MSASP before purchasing new equipment.

## **SECTION V**

### **REPORTING MISSING AND STOLEN PERSONAL STATE PROPERTY**

#### **.01 SCOPE**

- A. Only personal State property that is stolen or missing is subject to these procedures.
- B. For the purposes of these procedures, personal State property on loan or otherwise in temporary custody of a State agency, is considered State owned.
- C. These procedures do not apply to cash or other financial assets that are stolen or missing. Refer to the appropriate Department of Budget and Management Directive to write-off losses of cash or other financial assets.

#### **.02 SECURITY MEASURES**

- A. Agencies shall take every precaution that is practical or necessary to protect personal State property from being lost or stolen.
- B. Losses shall be investigated to determine the cause and to take corrective action to protect property against future loss occurrences.
- C. Capital and non-capital equipment items shall be permanently marked to identify them as Maryland State Property. (See Appendix V for recommended identification procedures.)
- D. Equipment serial numbers shall be recorded since they are required when reporting items that are stolen or missing.
- E. Easily concealed sensitive items shall be kept in locked cabinets, desks or storage rooms when not in use.
- F. Sign-out and return procedures shall be implemented for items not assigned to specific individuals.
- G. Personnel shall be made responsible for the safekeeping of assigned State property.

#### **.03 PROCEDURE FOR REPORTING STOLEN PERSONAL STATE PROPERTY**

- A. Stolen property, regardless of value, shall be reported immediately upon discovery to the local police department or to an agency's internal security

force, if the security force has local police jurisdiction and personnel responsible for investigating theft.

- B. Local police automatically report stolen or missing items to the National Crime Information Center (NCIC) so that property, if recovered, may be returned to the agency. If an agency's internal security force is used in lieu of local police, the agency's security force shall report stolen or missing items to NCIC.
- C. Obtain a copy of the police report from local police, or internal security, if applicable.
- D. Complete a Report of Missing or Stolen State Property Form DGS-950-8 (Section VI). The Department Secretary or Agency Head will be required to sign off on their Missing and Stolen Property Report before the loss can be written off by the DGS/ISSSD.

Report the loss if:

- 1. Capital equipment is involved, or
  - 2. The loss consists of any combination of non-capital equipment items and supplies exceeding **\*\* \$100 \*\*** in aggregate cost value.
- E. The custodial agency shall submit Form (DGS-950-8) in triplicate, one copy of the police report and any other supporting documentation to the Inventory Standards and Support Services Division.
  - F. Upon receipt of the Report of Missing or Stolen State Property Form (DGS-950-8), ISSSD shall forward a Missing/Stolen Personal State Property Write-off Authorization Form (DGS-950-10) authorizing the custodial agency to remove the items from their inventory records.
  - G. The custodial agency shall complete Section A of the DGS-950-10 and return to ISSSD certifying that the items have been removed from the agency's inventory records.
  - H. In addition to these procedures, the procedure for reporting theft of a motor vehicle, as prescribed in the State Treasurer's Insurance Manual shall be followed.
  - I. The Department of General Services will consolidate and file annually each reporting entities Inventory and Missing and Stolen Property Reports with the Board of Public Works.
  - J. Agencies shall absorb the full amount of property loss due to theft, except in specific cases where property may be insured under a special policy. Stolen property having special coverage shall be reported by letter to the State Treasurer.



- K. In cases where a State employee is alleged to be the cause of property loss exceeding \$1,000, the loss is covered by a Blanket Bond For Faithful Performance By State Employees if evidence reasonably establishes that a State employee caused or was implicated in the loss, regardless of the number of persons involved or whether any of the involved persons can be identified. If investigative action indicates that a loss exceeding \$1,000 was caused by the action or negligence of a State employee, in addition to paragraphs A through H, agency Insurance Coordinators shall follow the procedures prescribed by the State Treasurer's Insurance Division for a claim to be initiated. Claims up to \$1,000 will be absorbed by the agency sustaining the loss.
- L. Funds recovered from an insurance policy or bond shall be deposited in accordance with budgetary regulations.

#### **.04 PROCEDURE FOR REPORTING MISSING PERSONAL STATE PROPERTY**

Follow the same procedure in Regulation .03 to this Section for reporting stolen State property, except that paragraphs A, B, and C may be omitted at the discretion of the Department Secretary or Agency Head.

- A. There is no evidence of theft or forced entry; and
- B. Property disappearance is not sudden or conspicuous; and
- C. The loss is disclosed as a result of an audit or inventory reconciliation.

#### **.05 REPORT OF MISSING OR STOLEN PERSONAL STATE PROPERTY (Form DGS-950-8)**

The Department of General Services is required to investigate, if necessary, and inform the Board of Public Works of every report of missing or stolen personal State property. In order to facilitate the write-off process, the following shall apply:

- A. Missing or stolen personal State property must remain on inventory records until approval to remove the property from the records is obtained from ISSSD.
- B. Form DGS-950-8 shall be forwarded to ISSSD within 10 working days of discovery of loss.
  - 1. If an agency is unable to obtain a copy of the police report within 10 working days of the occurrence of theft, the form shall be forwarded with a notation to that effect. ISSSD will follow-up with the agency to obtain a copy of the police report.

2. If an agency is unable to complete a DGS-950-8 due to incomplete information, the form shall be forwarded with a notation to that effect. DGS will follow-up with the agency to obtain the missing information.
- C. No more than one occurrence of loss shall be reported on a single DGS-950-8 form.
- D. The filled in portion of each form shall be in original format. Photocopies or pre-filled in forms are not acceptable and will be returned to the reporting agency.
- E. All required information shall be reported in detail using the reverse side of the form, additional sheets and supporting documentation as necessary.
- F. All State employees known to be involved in the loss shall be identified. Telephone numbers shall be provided in the event further investigation is necessary.
- G. Measures being taken to prevent future occurrences are subject to audit and shall be explained in detail using the reverse side of the form or additional sheets if necessary. If newly written procedures are being implemented, a copy of those procedures shall be submitted with the form.

#### **.06 MISSING OR STOLEN PRIVATE PROPERTY**

- A. COMAR 25.02.03.01 generally provides that the State is not responsible for the theft or other disappearance of the personal belongings of a State employee.
- B. If the personal belongings of a State employee or other private individual are lost or stolen on State property, an agency shall report the loss to local police or its internal police jurisdiction. The loss of private property should not be reported to the Inventory Standards and Support Services Division.

#### **.07 POLICY**

- A. Agencies shall maintain records of all stolen or missing property, including private property, regardless of value. Records should be reviewed periodically.

- B. Each Department or Agency shall be required to produce Department-Wide Missing and Stolen Property Reports quarterly and annually to ISSSD.
- C. Agencies with numerous occurrences of stolen State property or those within DGS' estimation, large amounts of missing property, both in dollars and numbers of items, will be subject to unannounced audit.

## SECTION VI

### EXHIBITS AND FORMS

This section contains samples of the forms used in inventory management.

- A. Agencies shall use the following forms in accordance with the provisions set forth in Sections II through V of this Manual:
- |           |   |
|-----------|---|
| Exhibit 1 | <u>Inventory Control Account</u> (Agency generated)   |
| Exhibit 2 | <u>*Annual Report of Fixed Assets</u> (Distributed to each agency at the end of the fiscal year by the Department of General Services)                          |
| Exhibit 3 | <u>*Statement of Surplus Property Utilization by a Local Subdivision or Non-Profit Organization</u>   |
| Exhibit 4 | <u>Vehicle Changeover Authorization/Disposal Order Form</u> (Sample form, agencies will receive from Department of General Services)                            |
| Exhibit 5 | <u>DBM/FAU-1FY'03 - Request to Replace Motor Vehicles Form</u> (Sample form, agencies receive from Department of Budget Management)                             |
| Exhibit 6 | <u>Requisition to Replace Motor Vehicle Form</u> (Sample form)  |
| Exhibit 7 | <u>Odometer Disclosure Statement</u> (Sample Form, Agencies receive from Department of General Services)  |
| DGS-950-1 | <u>*Annual Report of - State Property - Materials and Supplies</u> (Distributed to each agency at the end of the fiscal year by Department of General Services) |
| DGS-950-2 | <u>Equipment Inventory Record Card</u> (If used, agency orders from Department of General Services)   |
| DGS-950-3 | <u>Motor Vehicle Record Card</u> (If used, agency orders from Department of General Services)   |
| DGS-950-4 | <u>Land and Building Record Card</u> (If used, agency orders from Department of General Services)   |
| DGS-950-5 | <u>Livestock Record Card</u> (If used, agency orders from Department of General Services)   |

- DGS-950-6 Materials and Supplies Physical Inventory List (If used, agency generated)
- DGS-960-7 Commodity Inventory Record Card (If used, agency orders from Department of General Services)
- DGS-950-8 Report of Missing or Stolen Personal State Property (Master copy for agency reproduction available from Department of General Services)
- DGS-950-9 Excess Property Declaration (Master copy for agency reproduction available from Department of General Services)
- DGS-950-10 Missing/Stolen Personal State Property Write-Off Authorization (DGS generated in response to Report of Missing/Stolen Personal State property, DGS-950-8)
- DGS-950-11 Excess Property Disposal Order (Department of General Services generated in response to Excess Property Declaration DGS-950-9)

B. Agencies using Department of General Services approved computerized inventory management systems are exempt from using the following forms:

- DGS-950-2
- DGS-950-3
- DGS-950-4
- DGS-950-5
- DGS-950-6
- DGS-950-7

C. Agencies not using Department of General Services approved computerized inventory management systems may obtain Forms DGS-950-2,-3,-4,-5,-6,-7 from Department of General Services at a cost, or prepare their own.

1. Agency prepared forms must contain the minimum information shown on the samples.
2. Agencies shall submit copies of their in-house prepared forms to Department of General Services, Inventory Standards and Support Services Division for review.

\* All of the forms are available on Department of General Services website at [www.dgs.state.md.us](http://www.dgs.state.md.us)

**Exhibit 1**

**INVENTORY CONTROL ACCOUNT**

**EXAMPLE:**

| DATE     | DESCRIPTION                      | ADDITIONS    | DELETIONS   | BALANCE *    |
|----------|----------------------------------|--------------|-------------|--------------|
| 07/01/03 | Beginning Balance                |              |             | \$50,000 (1) |
| 09/30/03 | Acquisitions 07/01/03 - 09/30/03 | \$10,000 (2) |             | \$60,000 (3) |
| 09/30/03 | Disposals 07/01/03 - 09/30/03    |              | \$5,000 (4) | \$55,000 (5) |
|          |                                  |              |             |              |

**Explanation:**

- (1) \$50,000 is the beginning inventory value on 07/01/03
- (2) \$10,000 represents the total acquisitions (purchases, transfers in, etc.) transacted during the reporting period 07/0/03 - 09/30/03
- (3) \$60,000 is the total inventory value after acquisitions for the reporting period have been applied to the beginning balance.
- (4) \$5,000 represents the total disposal (sales, transfers out, scrap, etc.) transacted during the reporting period 07/01/03 - 09/30/03
- (5) \$55,000 is the ending inventory value on 09/30/03

\* Detail records should be maintained to support these totals until after the next legislative audit has been completed and as prescribed by the agency's record retention schedule.

Exhibit 2

Department of General Services  
Inventory Standards and Support Services Division  
301 W. Preston Street, Room 1009A  
Baltimore, Maryland 21201  
(410) 767-0587 Telephone Number  
(410) 333-7836 Fax Number

Agency Code No. \_\_\_\_\_  
Telephone No. \_\_\_\_\_

ANNUAL REPORT OF FIXED ASSETS

The following amounts should be recorded for the various fixed assets of this agency for the fiscal year ended June 30, 2003.

|             |                      |                 |
|-------------|----------------------|-----------------|
| Agency Name | Authorized Signature | Submission Date |
|-------------|----------------------|-----------------|

| ANNUAL SUMMARY INFORMATION | Land and Improvements | Buildings and Improvements | Equipment | Construction in Progress | Art & Historical Treasures | Infrastructures | Totals |
|----------------------------|-----------------------|----------------------------|-----------|--------------------------|----------------------------|-----------------|--------|
| Balances, July 1, 2002     |                       |                            |           |                          |                            |                 |        |

NOTE: Use (-) Minus Sign/Negative Numbers When Subtracting - Ex: -5.00

|  |   |  |  |  |  |  |  |
|--|---|--|--|--|--|--|--|
| Additions (a)                                | + |  |  |  |  |  |  |
| Transfers from Construction in Progress (a)  | + |  |  |  |  |  |  |
| Transfers from other State Agencies (a), (b) | + |  |  |  |  |  |  |
| Transfers to other State Agencies (a), (b)   | - |  |  |  |  |  |  |
| Disposals (a)                                | - |  |  |  |  |  |  |

|                         |  |  |  |  |  |  |  |
|-------------------------|--|--|--|--|--|--|--|
| Balances, June 30, 2003 |  |  |  |  |  |  |  |
|-------------------------|--|--|--|--|--|--|--|

(a) The amounts shown in the columns of this section must represent actual cost as recorded on the agency's records.  
(b) List the amounts for each agency reflected in these amounts on the reverse side of this form.

Equipment has been checked in accordance with instructions in the Inventory Control Manual issued by the Department of General Services? Yes ☐ No ☐

Date of last physical inventory for sensitive items: \_\_\_\_\_, non-sensitive items: \_\_\_\_\_

PREPARE IN DUPLICATE AND FORWARD BEFORE JULY 15

Original: Department of General Services - Inventory Standards and Support Services Division  
Duplicate: Retain in Agency File

## Exhibit 3

### SECTION VII

#### STATEMENT OF SURPLUS PROPERTY UTILIZATION BY A LOCAL SUBDIVISION OR NON-PROFIT ORGANIZATION

The agency named below certifies that the items listed on the accompanying Excess Property Declaration (DGS-950-9) are excess to this agency.

**Donating Agency:** \_\_\_\_\_

**Property Officer:** \_\_\_\_\_ **Date:** \_\_\_\_\_

The recipient of Maryland State Surplus Property listed below, certifies that the property listed on the accompanying Excess Property Declaration (DGS 950-9):

1. Will be used for filling a specific need in the recipient's program, and for no other purpose.
2. Is on an "as is," "where is" basis, without warranty of any kind.

The recipient also certifies that funds are available to pay all costs and charges incident to the transaction, if any, and that these costs and charges will be paid promptly.

**Recipient Organization:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

The recipient must provide on their own letterhead documentation stating the services that the organization provides and what the intended use of the property will be.

Non-Profit Organizations must provide written verification of their tax exempt status from the Internal Revenue Service.



**Exhibit 4**

**Agency Code:**

**DEPARTMENT OF GENERAL SERVICES  
Inventory Standards and Support Services Division  
301 W. Preston Street - Room 1009A, Baltimore, Maryland 21201  
(410) 767-4257 fax (410) 333-7836**

**VEHICLE CHANGEOVER AUTHORIZATION/DISPOSAL ORDER**

This form does not authorize removal of a vehicle from agency property records. Such authorization will be made after final disposition of the vehicle. Ref: APPENDIX I, DGS INVENTORY CONTROL MANUAL, Rev.7/03

**DGS Control No.** \_\_\_\_\_ **Date:** \_\_\_\_\_ **Expiration Date:** \_\_\_\_\_

**Agency and Sub-unit Names** \_\_\_\_\_

**Fleet Manager** \_\_\_\_\_

**Vehicle Make, Model, Year** \_\_\_\_\_

**Vehicle Identification Number (VIN)** \_\_\_\_\_

**DISPOSAL INSTRUCTIONS:**

\_\_\_\_\_ **Deliver vehicle to:** \_\_\_\_\_

\_\_\_\_\_ **Will Contact the person listed below to arrange for pick up of the vehicle.**

**Agency Contact for vehicle pickup:**

**Name and Telephone:** \_\_\_\_\_

The following must be completed by the Agency before the vehicle is delivered to the auction or towed to a sales site:

- [1.] Operable vehicles must be cleaned inside and out.
- [2.] All emblems and any identifying State marking including license tags must be removed.
- [3.] All State owned equipment (radios, telephones, emergency lights, etc.) must be removed.

The following must accompany the vehicle before it will be accepted at the sales site or by the tow operator:

- [1.] This form - completed
- [2.] Vehicle Title
- [3.] Vehicle Keys
- [4.] Odometer Disclosure Statement

The following is required by the agency after the vehicle is delivered or towed to the sales site:

- [1.] Upon delivery to the sales site or pick up by the towing firm, the receipt portion of this form must be signed by the person accepting the vehicle. The original (white) copy of this form accompanies the vehicle, the (yellow) copy is retained by the agency.
- [2.] If the vehicle is enrolled in the State's Fuel Management System, the vehicle card must be turned over within (14) DAYS to the agency fleet manager for return to Commercial Fuel Systems, Inc.

**IT IS THE FLEET MANAGER'S RESPONSIBILITY TO ENSURE THAT ALL THE ABOVE REQUIREMENTS ARE MET FOR VEHICLES BEING TOWED OR DELIVERED TO A SALES SITE.**

**Authorized By** \_\_\_\_\_

**DEPARTMENT OF GENERAL SERVICES**

**Receipt for Vehicle:** The undersigned hereby acknowledges receipt of the above described State of Maryland owned vehicle from the above named agency.

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

**Representing** \_\_\_\_\_

(Name of Auction, Sales Site, Towing Firm.)

**White copy-Accompanies Vehicle; Yellow copy-Retained by Agency; Pink copy-Auction/Sales Site; Golden Rod copy-DGS/File**

# Exhibit 5

## REQUEST TO REPLACE MOTOR VEHICLES

|                               |                     |                    |
|-------------------------------|---------------------|--------------------|
| Agency Name: _____            | Sub-Unit: _____     | Agency Code: _____ |
| Address: _____                | City: _____         | Zip: _____         |
| Person Completing Form: _____ | Phone: (    ) _____ | Date: _____        |
| Current Fleet Manager: _____  | Phone: (    ) _____ |                    |
| (Type or Print)               |                     |                    |
| Signature _____               |                     |                    |
| E-Mail _____                  |                     |                    |
| Address _____                 |                     |                    |

|                 |             |      | Description of Vehicle to be Replaced |       |  | Vehicle Identification Number |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                                   | Odometer Reading         |
|-----------------|-------------|------|---------------------------------------|-------|--|-------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|-----------------------------------|--------------------------|
| ADPICS Req ID # | State Tag # | Year | Make                                  | Model | (Serial Number)<br>* Must be 17 Characters * |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (Check box if over 100,000 miles) |                          |
|                 |             |      |                                       |       | *  |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                                   | <input type="checkbox"/> |
|                 |             |      |                                       |       | *  |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                                   | <input type="checkbox"/> |
|                 |             |      |                                       |       | *  |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                                   | <input type="checkbox"/> |
|                 |             |      |                                       |       | *  |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                                   | <input type="checkbox"/> |
|                 |             |      |                                       |       | *  |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                                   | <input type="checkbox"/> |
|                 |             |      |                                       |       | *  |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                                   | <input type="checkbox"/> |
|                 |             |      |                                       |       | *  |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                                   | <input type="checkbox"/> |

- Notes:**
1. Odometer readings of less than 100,000 miles require justification for replacement of a low mileage vehicle.
  2. For vehicles assigned unmarked license plates, attach justification in accordance with Section 4.01.01 of the Fleet Policy Manual for the continued use of unmarked license plates on the replacement vehicle.
  3. Vehicles accumulating less than 10,000 official miles in FY 2003 require written justification for replacement
  4. One ADPICS requisition per "Request to Replace Motor Vehicle".

## Exhibit 6

PCHL2115 V4.1 MD PRD.  
LINK TO

ADVANCED PURCHASING/INVENTORY  
REQUISITION TO REPLACE MOTOR VEHICLES

06/09/2003

2:42 PM

REQUISITION/DPO

SUB UNIT

DEPARTMENT

ADDRESS

CITY

ST ZIP

CONTACT NAME

TELEPHONE

FLEET MANAGER

TELEPHONE

EXT.

TOTAL NO OF VEHICLES

CREATE DATE

EXT.

S STATE

ODOMETER OVER 100,000

TAG #

VEHICLE ID NUMBER

YEAR

MAKE

MODEL

READING

Y/N

F1 - HELP

F3 - DELETE

F5 - NEXT

F6 - DA8

F7 - PRIOR PAGE

F8 - NEXT PAGE

F9 - LINK

F10 - SAVE

F11 - NEW PAGE

ENTER - INQUIRE

CL - EXIT

RECORD DOES NOT EXIST, PLEASE TRY AGAIN

# ODOMETER DISCLOSURE STATEMENT

Federal Law (and State Law, if applicable) requires that you state the mileage upon transfer of ownership. Failure to complete or providing a false statement may result in fines and/or imprisonment.

I, \_\_\_\_\_, state that the odometer (of the vehicle described below), now  
(AGENCY FLEET MANAGER - PRINT)

reads \_\_\_\_\_ (no tenths) miles and to the best of my knowledge that it reflects the  
(ENTER ACTUAL ODOMETER READING)

actual mileage of the vehicle described below, unless one of the following statements is checked.

- ☐ (1) I hereby certify that to the best of my knowledge the odometer reading reflects the amount of mileage in excess of its mechanical limits. (OVER 100,000 MILES)
- ☐ (2) I hereby certify that the odometer reading is NOT the actual mileage. **WARNING - ODOMETER DISCREPANCY. (TMU - TRUE MILEAGE UNKNOWN)**

|             |                  |              |
|-------------|------------------|--------------|
| <u>MAKE</u> | <u>BODY TYPE</u> | <u>MODEL</u> |
|-------------|------------------|--------------|

|                                      |             |
|--------------------------------------|-------------|
| <u>VEHICLE ID-NUMBER</u> (17 Digits) | <u>YEAR</u> |
|--------------------------------------|-------------|

|                             |
|-----------------------------|
| <u>AGENCY NAME (SELLER)</u> |
|-----------------------------|

|                              |
|------------------------------|
| <u>AGENCY STREET ADDRESS</u> |
| <u>CITY, STATE, ZIP CODE</u> |

|   |                            |
|---|----------------------------|
| _____<br>FLEET MANAGER'S SIGNATURE      | _____<br>DATE OF STATEMENT |
| _____<br>PRINTED NAME OF PERSON SIGNING | _____<br>TELEPHONE NUMBER  |

**NOTE:** The **agency fleet manager** (or person maintaining vehicle records) must complete the Odometer Disclosure Statement **PRIOR** to delivery of the vehicle to the auction or sales site.

**PERSONS DELIVERING THE VEHICLE TO THE AUCTION OR SALES SITE ARE NOT TO COMPLETE THE FORM OR ENTER THE MILEAGE INFORMATION.**

**VEHICLE MILEAGE WILL BE GREATER AT THE TIME THE VEHICLE IS ACTUALLY DELIVERED TO THE AUCTION OR SALES SITE AND WILL BE ADJUSTED ON THE BILL OF SALE SIGNED BY DGS.**

STATE OF MARYLAND  
DEPARTMENT OF GENERAL SERVICES  
INVENTORY STANDARDS & SUPPORT SERVICES DIVISION  
ANNUAL REPORT OF STATE PROPERTY  
**MATERIALS & SUPPLIES AS OF 06/30/03**

|           |  |       |  |          |  |
|-----------|--|-------|--|----------|--|
| ATTN      |  |       |  |          |  |
| Agency    |  |       |  |          |  |
| Sub-Unit  |  |       |  |          |  |
| Address   |  |       |  |          |  |
| Address 2 |  |       |  |          |  |
| City      |  | State |  | Zip Code |  |

| Program Name  | Description | Dollar Value | Physical Inventory   | Inventory Records    |
|---|-------------|--------------|----------------------|----------------------|
| Dietary Services  | Food        |              | <input type="text"/> | <input type="text"/> |
| Dietary Services  | Other       |              | <input type="text"/> | <input type="text"/> |
| DIETARY TOTAL   |             | 0.00         |                      |                      |
| *** All Other Materials & Supplies - REQUIRED BY ALL AGENCIES *** |             |              |                      |                      |
|   |             |              | <input type="text"/> | <input type="text"/> |
|   |             |              | <input type="text"/> | <input type="text"/> |
|   |             |              | <input type="text"/> | <input type="text"/> |
|   |             |              | <input type="text"/> | <input type="text"/> |
|   |             |              | <input type="text"/> | <input type="text"/> |
|   |             |              | <input type="text"/> | <input type="text"/> |
|   |             |              | <input type="text"/> | <input type="text"/> |
|   |             |              | <input type="text"/> | <input type="text"/> |
|   | GRAND TOTAL | 0.00         |                      |                      |

Place a check mark in the space adjacent to the items valued indicating that values were established through physical inventory at the end of the fiscal year or through values supported by inventory records verified by physical inventory within ninety (90) days.

Date: \_\_\_\_\_ Agency Code: \_\_\_\_\_

Agency Name: \_\_\_\_\_

Certified By: \_\_\_\_\_ Title: \_\_\_\_\_

Telephone: (\_\_\_\_) \_\_\_\_\_

**Due By:** AUGUST 15, 2003  
**Mail To:** DGS-Inventory Standards & Support Services Div., 301 W. Preston St., Room 1009A, Baltimore, MD 21201  
**Duplicate:** Retain in Agency File for Audit Purposes      **Telephone:** (410) 767-0587      **Fax:** (410) 333-7836

# EQUIPMENT INVENTORY RECORD CARD

|  |            |   |
|--|------------|---|
| (ITEM)   | (ITEM No.) | (AGENCY)  |
| <b>MAKER</b> _____ <b>MAKER'S No.</b> _____<br><b>TYPE</b> _____ <b>COLOR</b> _____<br><b>SIZE</b> _____<br><b>COMPOSITION</b> _____<br><b>ATTACHMENTS</b> _____<br><b>OPERATION: ELECTIC ( ) MANUAL ( )</b> _____<br><b>NUMBER OF UNITS</b> _____ |            | <b>ORDER No.</b> _____ <b>DATE</b> _____<br><b>VENDOR</b> _____<br><b>DATE OF INSTALLATION</b> _____<br><b>DATE OF PAYMENT</b> _____ <b>TR. No.</b> _____<br><b>SOURCE OF FUNDS USED</b> _____<br><b>COST - CASH DISBURSEMENT \$</b> _____<br><b>TRADE - IN ALLOWANCE</b> _____<br><b>TOTAL</b> _____ <b>\$</b> _____ |

  

| LOCATION RECORD |          | INVENTORY CHECKS |    |      |    |      |    |      |    |
|-----------------|----------|------------------|----|------|----|------|----|------|----|
| DATE            | LOCATION | DATE             | BY | DATE | BY | DATE | BY | DATE | BY |
|                 |          |                  |    |      |    |      |    |      |    |
|                 |          |                  |    |      |    |      |    |      |    |
|                 |          |                  |    |      |    |      |    |      |    |
|                 |          |                  |    |      |    |      |    |      |    |
|                 |          |                  |    |      |    |      |    |      |    |
|                 |          |                  |    |      |    |      |    |      |    |
|                 |          |                  |    |      |    |      |    |      |    |

  

| DISPOSITION |   |
|-------------|---|
| DATE        | NATURE  |
|             | <b>SOLD ( )</b> _____ <b>AS SURPLUS ( ) JUNK ( )</b> _____ <b>PROCEEDS ( )</b> _____<br><b>TRADED ( ) To</b> _____ <b>ON REPLACEMENT BY ITEM No.</b> _____ <b>ALLOWANCES ( ) \$</b> _____<br><b>TRANSFERRED ON INVENTORY BASIS TO</b> _____<br><b>DISPOSITION AUTHORIZED BY</b> _____ <b>ON</b> _____<br><b>DESTROYED BY FIRE ( ) FLOOD ( ) STOLEN ( )</b> _____ <b>INSURANCE</b> _____<br><span style="margin-left: 150px;">(OTHER - SPECIFY)</span> <b>( ) RECOVERY \$</b> _____<br><b>DISCARDED AS UNSERVICEABLE ( ) LOST ( )</b> _____ <b>(OTHER - SPECIFY)</b> _____<br><b>REMOVAL FROM INVENTORY AUTHORIZED</b> _____ <b>ON</b> _____ |

DGS 950-2 STATE OF MARYLAND INSTITUTIONAL AND OFFICE EQUIPMENT INVENTORY

# MOTOR VEHICLE RECORD CARD

| (ITEM)   | (ITEM No.)   | (AGENCY)                            |             |
|--|--|-------------------------------------|-------------|
| MAKER _____  |  | ORDER No. _____ DATE _____          |             |
| YEAR _____ MODEL _____   |  | VENDOR _____                        |             |
| BODY TYPE OR RATED TONNAGE _____                                     |  | DATE OF RECEIPT _____               |             |
| SERIAL No. _____ MOTOR No _____                                      |  | DATE OF PAYMENT _____ TR. No. _____ |             |
| IGNITION KEY No. _____ TITLE No. _____                               |  | SOURCE OF FUNDS USED _____          |             |
| USE _____  |  | COST - CASH DISBURSEMENT \$ _____   |             |
| NATURE OF OPERATION: POOL ( ) SPECIFIC ASSIGNMENT ( )                |  | TRADE - IN ALLOWANCE _____          |             |
|  |  | TOTAL _____ \$ _____                |             |
| <b>ASSIGNMENT RECORD</b>   |  |                                     |             |
| DATE   | ASSIGNED TO  | DATE                                | ASSIGNED TO |
|  |  |                                     |             |
|  |  |                                     |             |
|  |  |                                     |             |
|  |  |                                     |             |
|  |  |                                     |             |
| <b>DISPOSITION</b>   |  |                                     |             |
| DATE   | NATURE   |                                     |             |
|  | SOLD ( )      As SURPLUS ( ) JUNK ( )      PROCEEDS ( )<br>TRADED ( ) To _____ ON REPLACEMENT BY ITEM No. _____ ALLOWANCES ( ) \$ _____<br>TRANSFERRED ON INVENTORY BASIS TO _____<br>DISPOSITION AUTHORIZED BY _____ ON _____<br>DESTROYED BY FIRE ( ) : FLOOD ( ) : STOLEN ( ) : _____ (OTHER - SPECIFY) _____<br>REMOVAL FROM INVENTORY AUTHORIZED _____ ON _____ |                                     |             |
| G. S. 950-3      STATE OF MARYLAND MOTOR VEHICLE EQUIPMENT INVENTORY |  |                                     |             |

|        |            |          |
|--------|------------|----------|
| (ITEM) | (ITEM No.) | (AGENCY) |
|--------|------------|----------|

  

**LOCATION** \_\_\_\_\_

---

**USE** \_\_\_\_\_

---

**TYPE OF HEAT** \_\_\_\_\_

---

**FIRE RESISTANCE:**    THROUGHOUT ( )    PARTIALLY ( )    NONE ( )

**MANNER OF ACQUISITION:**

**PURCHASED FROM** \_\_\_\_\_

**DATE** \_\_\_\_\_ **COST \$** \_\_\_\_\_

**SOURCE OF FUNDS USED** \_\_\_\_\_

**CONSTRUCTED BY** \_\_\_\_\_

  

| <b>ACQUISITION AND IMPROVEMENT RECORD</b> |                         |  |                                 |        |  |       |
|---|-------------------------|--|---------------------------------|--------|--|-------|
| DATE<br>ACQUIRED<br>OR PUT IN<br>SERVICE  | NATURE OF BUILDING UNIT | DESCRIPTION AND<br>CONSTRUCTION COST<br>CODE<br>(FROM REVERSE) | VALUE                           |        |  | TOTAL |
|   |                         |  | BASIS<br>(COST OR<br>APPRAISAL) | AMOUNT |  |       |
|   |                         |  |                                 |        |  |       |
|   |                         |  |                                 |        |  |       |
|   |                         |  |                                 |        |  |       |
|   |                         |  |                                 |        |  |       |
|   |                         |  |                                 |        |  |       |
|   |                         |  |                                 |        |  |       |
|   |                         |  |                                 |        |  |       |
|   |                         |  |                                 |        |  |       |

  

| <b>DISPOSITION</b> |   |
|--------------------|---|
| DATE               | NATURE  |
|                    | <b>SOLD</b> _____ <b>PROCEEDS \$</b> _____<br><br><div style="text-align: right; font-size: x-small;">INSURANCE</div> <b>DISPOSITION AUTHORIZED BY</b> _____ <b>ON</b> _____<br><br><b>DESTROYED BY FIRE ( ): FLOOD ( ): STOLEN ( ):</b> _____ <b>( ) RECOVERY \$</b> _____<br><div style="text-align: center; font-size: x-small;">(OTHER - SPECIFY)</div> |
|                    | <b>RAZED ( )</b> _____ <b>( )</b><br><div style="text-align: center; font-size: x-small;">(OTHER - SPECIFY)</div>   |
|                    | <b>REMOVAL FROM INVENTORY AUTHORIZED BY</b> _____ <b>ON</b> _____   |

[illegible]



# LIVESTOCK RECORD CARD

|        |            |          |
|--------|------------|----------|
| (KIND) | (ITEM No.) | (AGENCY) |
|--------|------------|----------|

  

|   |   |
|---|---|
| NAME AND/OR NUMBER _____<br>BREED _____<br>_____<br>_____<br>_____<br>_____ | <b>MANNER OF ACQUISITION:</b><br><br>PRODUCED (    )<br><br>PURCHASED (    )<br><br>DATE _____ COST \$ _____<br><br>VENDOR _____<br><br>DATE OF PAYMENT _____ TR. NO. _____<br><br>SOURCE OF FUNDS USED _____ |
|---|---|

---

### INVENTORY VALUATIONS

| DATE | AGE | No. | VALUE |       |  |  | DATE | AGE | No. | VALUE |       |  |  | DATE | AGE | No. | VALUE |       |  |
|------|-----|-----|-------|-------|--|--|------|-----|-----|-------|-------|--|--|------|-----|-----|-------|-------|--|
|      |     |     | EACH  | TOTAL |  |  |      |     |     | EACH  | TOTAL |  |  |      |     |     | EACH  | TOTAL |  |
|      |     |     |       |       |  |  |      |     |     |       |       |  |  |      |     |     |       |       |  |
|      |     |     |       |       |  |  |      |     |     |       |       |  |  |      |     |     |       |       |  |
|      |     |     |       |       |  |  |      |     |     |       |       |  |  |      |     |     |       |       |  |
|      |     |     |       |       |  |  |      |     |     |       |       |  |  |      |     |     |       |       |  |
|      |     |     |       |       |  |  |      |     |     |       |       |  |  |      |     |     |       |       |  |
|      |     |     |       |       |  |  |      |     |     |       |       |  |  |      |     |     |       |       |  |
|      |     |     |       |       |  |  |      |     |     |       |       |  |  |      |     |     |       |       |  |
|      |     |     |       |       |  |  |      |     |     |       |       |  |  |      |     |     |       |       |  |
|      |     |     |       |       |  |  |      |     |     |       |       |  |  |      |     |     |       |       |  |
|      |     |     |       |       |  |  |      |     |     |       |       |  |  |      |     |     |       |       |  |

---

### DISPOSITION

| DATE | NATURE  |
|------|---|
|      | SOLD To _____ PROCEEDS \$ _____                                   |
|      | TRANSFERRED ON INVENTORY BASIS TO _____                           |
|      | DISPOSITION AUTHORIZED BY _____ ON _____                          |
|      | SLAUGHTERED (    ): DIED FROM: _____ : DESTROYED BECAUSE OF _____ |
|      | (SPECIFY) _____ (SPECIFY) _____                                   |
|      | REMOVAL FROM INVENTORY AUTHORIZED BY _____ ON _____               |

[illegible]

**Agency Name**

## MATERIALS AND SUPPLIES PHYSICAL INVENTORY

For Fiscal Year ending \_\_\_\_\_, 20 \_\_\_\_\_

Sheet \_\_\_\_\_ of \_\_\_\_\_ Counted By \_\_\_\_\_ Date \_\_\_\_\_

Spot Audit or 2<sup>nd</sup> Count By \_\_\_\_\_ Date \_\_\_\_\_

Verified By \_\_\_\_\_ Date \_\_\_\_\_

[illegible]

# MATERIAL AND SUPPLIES INVENTORY RECORD CARD

[illegible][illegible]

# REPORT OF MISSING OR STOLEN PERSONAL STATE PROPERTY

STATE OF MARYLAND  
DEPARTMENT OF GENERAL SERVICES

301 W. Preston Street, Suite 1009A  
Baltimore, Maryland 21201  
(410)767-0587

## INSTRUCTIONS:

1. Forward in triplicate to: (DO NOT FAX)  
Department of General Services  
Inventory Standards & Support Services Division  
301 W. Preston Street, Suite 1009A  
Baltimore, MD 21201
2. Attach Police Report for Stolen Property
3. Refer to Reporting Procedure for Stolen/Missing property in the DGS Inventory Control Manual.

DGS Control No. \_\_\_\_\_

Agency: \_\_\_\_\_

Sub-Unit: \_\_\_\_\_

Address: \_\_\_\_\_

Address 2: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Accountable Officer: \_\_\_\_\_

Telephone: (\_\_\_\_) \_\_\_\_\_ Date: \_\_\_\_\_

Property Officer

Signature

Date

Agency Head or Designee

Signature

Date

| Item No. | Select                   |                          | Description | Property Tag No. | Purchase Date | Purchase Price |
|----------|--------------------------|--------------------------|-------------|------------------|---------------|----------------|
|          | Stolen                   | Missing                  |             |                  |               |                |
|          | <input type="checkbox"/> | <input type="checkbox"/> |             |                  |               |                |
|          | <input type="checkbox"/> | <input type="checkbox"/> |             |                  |               |                |
|          | <input type="checkbox"/> | <input type="checkbox"/> |             |                  |               |                |
|          | <input type="checkbox"/> | <input type="checkbox"/> |             |                  |               |                |
|          | <input type="checkbox"/> | <input type="checkbox"/> |             |                  |               |                |
|          | <input type="checkbox"/> | <input type="checkbox"/> |             |                  |               |                |

**TOTAL**

\$0.00

## 1. FOR BOTH STOLEN AND MISSING STATE PROPERTY:

- a. Item(s) identified as State property with permanent type labeling or engraving? ☐ Yes ☐ No
- b. Describe other security measures:

## 2. FOR MISSING PROPERTY ONLY:

- a. Date loss was discovered \_\_\_\_\_
- b. Date of physical inventory \_\_\_\_\_
- c. Explain how the loss might have occurred \_\_\_\_\_

Describe Measures Taken To Prevent Future Occurrence

FOR DGS ONLY

## EXCESS PROPERTY DECLARATION

STATE OF MARYLAND  
DEPARTMENT OF GENERAL SERVICES  
301 W. PRESTON STREET, Room 1009A  
BALTIMORE, MARYLAND 21201  
410-767-0587

Instructions:

1. Refer to Property Disposal Procedures in Department of General Services Inventory Control Manual.
2. See preparation instructions on reverse side.
3. Send two copies of completed form to:

Page \_\_\_\_ of \_\_\_\_

**DGS Control No:**

Department of General Services  
Inventory Standards & Support Services Div.  
301 W. Preston Street  
Baltimore, Maryland 21201

Agency: \_\_\_\_\_

Forwarded by:

Sub-Unit: \_\_\_\_\_

Property Officer:

Sub-Unit Code: \_\_\_\_\_

Signature:

Address: \_\_\_\_\_

Signature: \_\_\_\_\_  
Agency Head  
or Designee: \_\_\_\_\_

Contact Person: \_\_\_\_\_

or Designee:

Phone No: \_\_\_\_\_ Date: \_\_\_\_\_

Signature:

Items listed below are certified to be in excess of this agency's needs. The Department of General Services is hereby requested to arrange disposal.

| Item No.        | Qty. | Property Tag No. | Description | Acquisition Cost | Acquisition Date mo/yr | G O O D | F A I R | P O O R | J S R V | Description of needed repairs |
|-----------------|------|------------------|-------------|------------------|------------------------|---------|---------|---------|---------|-------------------------------|
|                 |      |                  |             |                  |                        |         |         |         |         |                               |
|                 |      |                  |             |                  |                        |         |         |         |         |                               |
|                 |      |                  |             |                  |                        |         |         |         |         |                               |
|                 |      |                  |             |                  |                        |         |         |         |         |                               |
|                 |      |                  |             |                  |                        |         |         |         |         |                               |
|                 |      |                  |             |                  |                        |         |         |         |         |                               |
|                 |      |                  |             |                  |                        |         |         |         |         |                               |
|                 |      |                  |             |                  |                        |         |         |         |         |                               |
|                 |      |                  |             |                  |                        |         |         |         |         |                               |
|                 |      |                  |             |                  |                        |         |         |         |         |                               |
|                 |      |                  |             |                  |                        |         |         |         |         |                               |
|                 |      |                  |             |                  |                        |         |         |         |         |                               |
|                 |      |                  |             |                  |                        |         |         |         |         |                               |
|                 |      |                  |             |                  |                        |         |         |         |         |                               |
|                 |      |                  |             |                  |                        |         |         |         |         |                               |
| <b>TOTAL \$</b> |      |                  |             |                  |                        |         |         |         |         |                               |

## **INSTRUCTIONS FOR COMPLETING FORM - DGS-950-9**

1. **Item Number** - Number items on each declaration consecutively starting from 1.
2. **Quantity** - List the number of items under a single description (i.e. classroom chairs...) that do not have individual equipment I.D. #'s.
3. **Property Tag Number** - List the property identification number that identifies that particular piece of property.
4. **Description** - Provide as much descriptive information for each item as necessary for positive identification, such as color, size, type of material, unit of measure if other than each, etc. For equipment, also include the year, make, model and serial number.
5. **Acquisition Cost and Date** - List the total purchase cost of all units and month and year acquired.
6. **Condition** - Check the column marked "Good", "Fair", or "Poor" to indicate that an item can be used "as is" without repairs or refurbishing, even though it may be old, worn or obsolete. "Good" means an item is serviceable and both appearance and operation are completely satisfactory. "Fair" means an item is serviceable and the appearance or operation does not show signs of abuse or hard wear. "Poor" means an item is serviceable but abuse or hard wear is obvious in the appearance or operation. Check the column marked "Unserviceable" to indicate that an item is inoperable, will not operate in a satisfactory manner or is not functional without repairs or refurbishing.
7. **Do Not** list serviceable and unserviceable items on the same declaration. Use a separate declaration for each type.
8. **Description of needed repairs** - If the unserviceable column is checked, describe repairs necessary to restore to "Good" condition.
9. **Trade-In Items** - Refer to the Excess Property Disposal procedures in the DGS Inventory Control Manual.
10. **Motor Vehicles** - Refer to the Appendix 1 - State Motor Vehicle Disposition in the DGS Inventory Control Manual.

**MISSING/STOLEN PERSONAL STATE  
PROPERTY WRITE-OFF AUTHORIZATION**

STATE OF MARYLAND  
DEPARTMENT OF GENERAL SERVICES  
INVENTORY STANDARDS AND SUPPORT SERVICES DIVISION  
301 W. PRESTON STREET-ROOM 1009A  
BALTIMORE, MARYLAND 21201  
(410) 767-0587

DGS CONTROL NO. \_\_\_\_\_

**INSTRUCTIONS:**

SECTION A. Completed by Custodial Agency and  
returned to Inventory Standards and  
Support Services Division.

Department or Agency: \_\_\_\_\_

Sub-Unit: \_\_\_\_\_

Property Officer: \_\_\_\_\_

The following instructions pertain to your Report of Missing or Stolen State Property dated: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Per \_\_\_\_\_ Date \_\_\_\_\_

SECTION A: Custodial Agency shall complete this section and return one (1) copy of this write-off authorization  
to the Inventory Standards and Support Services Division.

I certify that the items have been removed from the agency's inventory records.

\_\_\_\_\_  
Signature of the Property Officer Date \_\_\_\_\_

|   |  |
|---|--|
| <p><b>EXCESS PROPERTY<br/>DISPOSAL ORDER</b></p> <p>STATE OF MARYLAND<br/>DEPARTMENT OF GENERAL SERVICES<br/>INVENTORY STANDARDS AND SUPPORT SERVICES DIVISION<br/>301 W. PRESTON STREET-ROOM 1009A<br/>BALTIMORE, MARYLAND 21201<br/>(410) 767-0587</p> <p>DGS CONTROL NO. _____</p> | <p><b>INSTRUCTIONS:</b></p> <p>SECTION A. Completed by Custodial Agency and returned to Inventory Standards and Support Services Division.</p> <p>SECTION B. Completed by DGS and returned to Agency for record retention.</p> |
|---|--|

SECTION A. Completed by Custodial Agency and returned to Inventory Standards and Support Services Division.

SECTION B. Completed by DGS and returned to Agency for record retention.

Per \_\_\_\_\_ Date \_\_\_\_\_

SECTION A: Custodial Agency shall complete this section and return two (2) copies of this disposal order to the Inventory Standards and Support Services Division after all items have been disposed of.

I certify that the disposal action indicated above has been completed.

Signature of the Property Officer

SECTION B: Removal of the above referenced items from your inventory records is hereby authorized.

Inventory Standards and Support Services Division



**APPENDIX I**  
**State Motor Vehicle Disposition**

**.01    STATE MOTOR VEHICLE DISPOSITION**

These procedures apply primarily to automobiles, vans, light and heavy duty trucks, motorcycles and other such equipment contrived for conveying passengers or objects. Disposition of all other motor vehicles will be addressed on a case by case basis.

Disposition of State vehicles shall be authorized by the Department of Budget & Management (DBM) State Fleet Administrator prior to disposition of the vehicle. In accordance with COMAR .04.01.03 the method of disposition shall be determined by the Department of General Services (DGS).

Disposal of vehicles is to be completed by the custodial agency in accordance with the following Department of General Services, Inventory Standards and Supports Services Division (ISSSD) vehicle disposition procedures:

**A.    OPERABLE VEHICLES APPROVED FOR TRADE-  
IN/REPLACEMENT** by DBM shall be taken by the custodial agency to an auction or sales site designated by ISSSD.

1.    An Excess Property Declaration (DGS-950-9) **WILL NOT** be submitted when operable vehicles are disposed of by this method.

In lieu of an Excess Property Declaration, the custodial agency shall submit a Request/Requisition to Replace Motor Vehicle Form either electronically through the Financial Management Information System, (See Exhibit 6) or a manual form (DBM/FAU-1FY2003). (See Exhibit 5)

- a.    The electronic version will be approved electronically by DBM and then forwarded to ISSSD.
  - b.    The manual form must be submitted to DBM for approval and then forwarded to ISSSD.
2.    Once the Request to Replace Motor Vehicle Form is received, ISSSD will issue a **VEHICLE CHANGEOVER AUTHORIZATION/ DISPOSAL ORDER** (See Exhibit 4) for each vehicle listed on the **REQUEST/REQUISITION TO REPLACE MOTOR VEHICLES** form.

The **Vehicle Changeover Authorization/Disposal Order** is authorization for the agency to dispose of the vehicle(s) as well as the auction/sales site authorization to accept the vehicle(s) for sale.

The Vehicle Changeover Authorization/Disposal Order is a four part (no carbon required) form. The original, the yellow and pink copy, will accompany the vehicle and other required items such as title, keys and odometer statement to the auction/sales site. The third goldenrod copy will be retained by ISSSD.

When the vehicle is delivered to the auction/sales site, the receipt portion of the form will be signed by a representative of the auction/sales site. After the receipt portion is signed, the white and pink copy will be retained by the receiver of the vehicle and the yellow copy will be retained by the agency. The pink copy will be returned to ISSSD by the auction/sales site notifying ISSSD of the delivery.

**THE VEHICLE CHANGEOVER AUTHORIZATION/DISPOSAL ORDER MAY BE COPIED FOR INTERNAL USE, BUT MAY NOT BE COPIED OR ALTERED TO DISPOSE OF ANY OTHER VEHICLE.**

- a. The **Vehicle Changeover Authorization/Disposal Order** will be mailed by ISSSD to the agency fleet manager prior to new car changeover.
- b. The **Vehicle Changeover Authorization/Disposal Order** issued by ISSSD should be kept with the vehicle title and **MUST ACCOMPANY** the vehicle to the auction/sales site at time of disposal.

Vehicles driven to the auction/sales site without the original, yellow) and pink of the Vehicle Changeover Authorization/ Disposal Order **WILL NOT BE ACCEPTED** at the site. **PHOTOCOPIES OR FAX COPIES ARE NOT ACCEPTABLE.**

- c. Vehicles will not be left at the auction/sales site without the proper paperwork.

**In the event vehicles are left without the proper paperwork being completed they may be towed back to the agency at the agency's expense.**

3. **VEHICLE CHANGES / SUBSTITUTIONS**

In the event the custodial agency decides to substitute another vehicle in place of one initially approved by DBM the custodial agency fleet manager must:

- a. Notify DBM in writing via letter/memo of the:
  - i. Vehicle description (year, make, model, odometer, etc.) of the vehicle they want to substitute and justification for substituting the vehicle.
  - ii. Include vehicle description (year, make, model, odometer, DGS Control Number, if known, etc.) of the vehicle which was originally approved by DBM to be disposed of.
  - iii. Receive written approval from DBM for the substitute.
- b. Forward letter/memo, DBM approval and the original Vehicle Changeover Authorization/Disposal Order to ISSSD.
- c. Upon receipt of this information, ISSSD will forward a **NEW Vehicle Changeover Authorization/Disposal Order** to the agency fleet manager for the substitution vehicle to be disposed of.

4. At the time ISSSD issues the **Vehicle Changeover Authorization/Disposal Order** it is assumed that the vehicle is operable.

In the event the vehicle becomes inoperable prior to the time of disposal, the agency should follow instructions in **Section .01 B. INOPERABLE VEHICLES APPROVED FOR TRADE-IN/REPLACEMENT** of this Appendix.

5. The following **MUST BE COMPLETED** by the custodial agency before the vehicle can be delivered to the auction or sales site:
- a. Vehicle must be cleaned inside and out.
  - b. All emblems and any identifying State markings must be removed from the vehicle.
  - c. State license tags removed from the vehicle at the time of transfer and retained by the custodial agency.
  - d. All State owned equipment (radios, telephones,

emergency lights, etc.) must be removed from the vehicle.

6. The following **MUST ACCOMPANY** the vehicle when delivered to the auction or sales site:
  - a. **Original, yellow and pink copy of** of the Vehicle Changeover Authorization/Disposal Order.
  - b. Vehicle Title. **NOTE: Title must be in the name of the agency to which funds from the sale of the vehicle will be forwarded.**
  - c. Odometer Disclosure Statement - (See Exhibit 7)
  - d. Vehicle Keys.
7. The following **IS REQUIRED** by the custodial agency after the vehicle is delivered to the auction or sales site:
  - a. At the time the vehicle is taken out of service, the vehicle fueling card (if applicable) for the Statewide Fuel Dispensing System shall be removed from the vehicle and returned to the agency fleet manager.

The agency fleet manager must return the vehicle fueling card to Commercial Fuel Systems within 14 days. **DO NOT DESTROY THE CARD.**
  - b. The receipt portion of the Vehicle Changeover Authorization/Disposal Order must be signed by a representative of the auction site or sales site. The original and pink copy will be retained by the auction/sales. The yellow copy will be retained by the agency for record purposes.
  - c. Agency internal procedures should be followed regarding transfer of PHH Maintenance cards and toll ticket books.
8. After the vehicle is sold, ISSSD will instruct the custodial agency to remove the vehicle from its property records.

- B. IN-OPERABLE VEHICLES APPROVED FOR TRADE-IN/REPLACEMENT** by DBM shall be transported to an auction or sales site designated by ISSSD. Transport arrangements will be made by ISSSD.

1. The agency fleet manager will contact ISSSD by telephone when it becomes necessary to have an inoperable vehicle transported to the auction or sales site.
2. When reporting the inoperable vehicle, the agency fleet manager must refer to the **DGS Control No.** located on the **Vehicle Changeover Authorization/Disposal Order** previously issued by ISSSD.
3. Upon receipt of this information ISSSD will make the necessary arrangements to have the vehicle transported.
4. The transport company will contact the appropriate person within the agency by telephone to make arrangements to pick up the vehicle.
5. It is the responsibility of the Agency Fleet Manager to ensure that all requirements listed below are met for vehicles being transported to an auction or sales site:
  - a. The **original, yellow and pink copy** of the Vehicle Changeover Authorization/Disposal Order, title, odometer disclosure statement and vehicle keys shall be given to the transport or tow operator. The operator will sign the receipt portion of the form and return the yellow copy to the agency. The original and pink copy shall accompany the vehicle.
  - b. State license tags must be removed prior to transporting the vehicle and retained by the custodial agency.
  - c. All State owned equipment (radios, telephones, emergency lights, etc.) must be removed from the vehicle prior to transport.
  - d. The vehicle fueling card (if applicable) for the Statewide Fuel Dispensing System shall be removed from the vehicle and returned to the agency fleet manager prior to transport.

The agency fleet manager must return the vehicle fueling card to Commercial Fuel Systems within 14 days. **DO NOT DESTROY THE CARD.**
  - e. The agency is responsible for the removal of all emblems and any identifying State markings from the vehicle either before the vehicle is transported or as soon as possible thereafter at the auction or sales site.

- f. Agency internal procedures should be followed regarding transfer of PHH Maintenance cards and toll ticket books.
6. After the vehicle is sold, ISSSD will instruct the agency to remove the vehicle from its property records.

**C. OPERABLE VEHICLES NOT SCHEDULED FOR TRADE-IN/REPLACEMENT**

but considered excess property to the agency and approved for disposal by DBM (fleet downsizing) shall be taken to an auction or sales site designated by ISSSD.

1. An Excess Property Declaration (DGS-950-9) shall be submitted to ISSSD prior to disposal.
2. Written approval from DBM to dispose of the vehicle shall accompany the Excess Property Declaration (DGS-950-9).
3. Upon receipt of this information ISSSD shall forward a **Vehicle Changeover Authorization/Disposal Order** (See Exhibit 4) to the custodial agency with disposal instructions, or ISSSD may instruct the agency to obtain bids to sell the vehicle to the highest bidder, if it is in the best interest of the State. See Section G of this Appendix regarding vehicles sold to the highest bidder.
4. The following **MUST BE COMPLETED** by the custodial agency before the vehicle can be delivered to the auction or sales site:
  - a. Vehicle must be cleaned inside and out.
  - b. All emblems and any identifying State markings must be removed from the vehicle.
  - c. State license tags removed from the vehicle at the time of transfer and retained by the custodial agency.
  - d. All State owned equipment (radios, telephones, emergency lights, etc.) must be removed from the vehicle.
5. The following **MUST ACCOMPANY** the vehicle when delivered to the auction or sales site:
  - a. **The original, yellow and pink copy** of the Vehicle Changeover Authorization/Disposal Order.

- b. Vehicle Title. **NOTE: Title must be in the name of the agency to which funds from the sale of the vehicle will be forwarded.**
  - c. Odometer Disclosure Statement - (See Exhibit 7)
  - d. Vehicle Keys.
6. The following **IS REQUIRED** by the custodial agency after the vehicle is delivered to the auction or sales site:
- a. At the time the vehicle is taken out of service, the vehicle fueling card (if applicable) for the Statewide Fuel Dispensing System shall be removed from the vehicle and returned to the agency fleet manager.  
  
The agency fleet manager must return the vehicle fueling card to Commercial Fuel Systems within 14 days. **DO NOT DESTROY THE CARD.**
  - b. The receipt portion of the Vehicle Changeover Authorization/Disposal Order must be signed by a representative of the auction site or sales site. The original and pink copy will be retained by the auction/sales site. The yellow copy will be retained by the agency for record purposes.
  - c. Agency internal procedures should be followed regarding transfer of PHH Maintenance cards and toll ticket books.
7. After the vehicle is sold, ISSSD will instruct the agency to remove the vehicle from its property records.

- D. INOPERABLE VEHICLES INVOLVED IN AN ACCIDENT** and approved for disposal by DBM shall be transported to an auction or sales site designated by ISSSD. Transport arrangements will be made by ISSSD.

**To avoid storage charges whenever an inoperable vehicle has been towed to a garage, repair estimates should be obtained as quickly as possible, and initially reported by telephone to the State Fleet Administrator, and the State Treasurer's Office. In order to expedite the process, the agency should fax the Excess Property Declaration (DGS-950-9) and DBM approval to ISSSD and await disposal instructions.**

1. Agencies should follow current policies in effect by the State Treasurer's Office with regard to State vehicles involved in accidents.
2. An Excess Property Declaration (DGS-950-9) shall be submitted to ISSSD prior to disposal.
3. Written approval from the DBM to dispose of the vehicle shall accompany the Excess Property Declaration (DGS-950-9).
4. Upon receipt of this information ISSSD shall forward a **Vehicle Changeover Authorization/Disposal Order** (See Exhibit 4) to the custodial agency with disposal instructions, or ISSSD may instruct the agency to obtain bids to sell the vehicle to the highest bidder, if it is in the best interest of the State. See Section G of this Appendix regarding vehicles sold to the highest bidder.
5. Upon receipt of this information ISSSD will make the necessary arrangements to have the vehicle transported.
6. The transport company will contact the appropriate person within the agency by telephone to make arrangements to pick up the vehicle.
7. It is the responsibility of the Agency Fleet Manager to ensure that all requirements listed below are met for vehicles being transported to an auction or sales site:
  - a. **The original, yellow and pink copy** of the Vehicle Changeover Authorization/Disposal Order, title, odometer disclosure statement and keys shall be given to the transport or tow operator. The operator will sign the receipt portion of the form and return the yellow copy to the agency. The original (white) copy and pink copy shall accompany the vehicle.
  - b. State license tags must be removed prior to transporting the vehicle and retained by the custodial agency.
  - c. All State owned equipment (radios, telephones, emergency lights, etc.) must be removed from the vehicle prior to transport.
  - d. The vehicle fueling card (if applicable) for the Statewide Fuel Dispensing System shall be removed from the vehicle and returned to the agency fleet manager prior to transport.



The agency fleet manager must return the vehicle fueling card to Commercial Fuel Systems within 14 days of pickup. DO NOT DESTROY THE CARD.

- e. All emblems and any identifying State markings must be removed from the vehicle either before the vehicle is transported or as soon as possible thereafter at the auction or sales site.
  - f. Agency internal procedures should be followed regarding transfer of PHH Maintenance cards and toll ticket books.
8. After the vehicle is sold, ISSSD will instruct the agency to remove the vehicle from its property records.

**E. INOPERABLE VEHICLES NOT INVOLVED IN AN ACCIDENT** but are damaged beyond economical repair and approved for disposal by DBM shall be transported to an auction or sales site designated by ISSSD. Transport arrangements will be made by ISSSD.

**To avoid storage charges whenever an inoperable vehicle has been towed to a garage, repair estimates should be obtained as quickly as possible, and initially reported by telephone to the State Fleet Administrator. In order to expedite the process, the agency should fax the Excess Property Declaration (DGS-950-9) and DBM approval to ISSSD and await disposal instructions.**

- 1. An Excess Property Declaration (DGS-950-9) shall be submitted to ISSSD prior to disposal.
- 2. Written approval from DBM to dispose of the vehicle shall accompany the Excess Property Declaration (DGS-950-9).
- 3. Upon receipt of this information ISSSD shall forward a **Vehicle Changeover Authorization/Disposal Order** (See Exhibit 4) to the custodial agency with disposal instructions, or

ISSSD may instruct the agency to obtain bids to sell the vehicle to the highest bidder, if it is in the best interest of the State. See Section G of this Appendix regarding vehicles sold to the highest bidder.

- 4. Upon receipt of this information ISSSD will make the necessary arrangements to have the vehicle transported.
- 5. The transport company will contact the appropriate person within the agency by telephone to make arrangements for pick up of the vehicle.

6. It is the responsibility of the Agency Fleet Manager to ensure that all requirements listed below are met for vehicles being transported to an auction or sales site:
  - a. **The original, yellow and pink copy** of the Vehicle Changeover Authorization/Disposal Order, title, odometer disclosure statement and keys shall be given to the transport or tow operator. The operator will sign the receipt portion of the form and return the yellow copy to the agency. The original and pink copy shall accompany the vehicle.
  - b. State license tags must be removed prior to transporting the vehicle and retained by the custodial agency.
  - c. All State owned equipment (radios, telephones, emergency lights, etc.) must be removed from the vehicle prior to transport.
  - d. The vehicle fueling card (if applicable) for the Statewide Fuel Dispensing System shall be removed from the vehicle and returned to the agency fleet manager prior to transport.

The agency fleet manager must return the vehicle fueling card to Commercial Fuel Systems within 14 days of pickup. **DO NOT DESTROY THE CARD.**
  - e. All emblems and any identifying State markings must be removed from the vehicle either before the vehicle is transported or as soon as possible thereafter at the auction or sales site.
  - f. Agency internal procedures should be followed regarding transfer of PHH Maintenance cards and toll ticket books.
7. After the vehicle is sold, ISSSD will instruct the agency to remove the vehicle from its property records.

**F. DISMANTLING VEHICLES FOR SPARE PARTS** (Cannibalize)  
ISSSD may approve requests to dismantle a vehicle for spare parts. For complete procedures for dismantling refer to Section IV .05 D. of the DGS Inventory Control Manual, Rev 7/03.

1. An Excess Property Declaration (DGS-950-9) shall be submitted to ISSSD **PRIOR** to dismantling.
2. Written approval from DBM to dispose of the vehicle shall accompany the Excess Property Declaration (DGS-950-9).

3. Upon receipt of this information ISSSD will review the information, forward an Excess Property Disposal Order (DGS-950-11) and notify the custodial agency in writing of the approval or rejection.
4. After the vehicle is dismantled the custodial agency will:
  - a. Complete Section A: of the Excess Property Disposal Order (DGS-950-11) certifying that and certify that the vehicle was dismantled and
  - b. Attach an itemized list of the salvaged components to the Excess Property Disposal Order (DGS-950-11) and
  - c. Forward all information to ISSSD.
5. At the time the vehicle is taken out of service, the vehicle fueling card (if applicable) for the Statewide Fuel Dispensing System shall be removed from the vehicle and returned to the agency fleet manager.

The agency fleet manager must return the vehicle fueling card to Commercial Fuel Systems within 14 days. DO NOT DESTROY THE CARD.
6. State license tags shall be removed from the vehicle at the time of dismantling and returned to the Motor Vehicle Administration.
7. The vehicle title shall be returned to the Motor Vehicle Administration stating that the vehicle was dismantled for spare parts.
8. After the vehicle is dismantled and all necessary documentation has been received by ISSSD, ISSSD will instruct the agency to remove the vehicle from its property records.
9. **If the request to dismantle is denied ISSSD shall forward an Excess Property Disposal Order (DGS-950-11) to the custodial agency with disposal instructions.**

- G. VEHICLES AUTHORIZED TO BE SOLD TO THE HIGHEST BIDDER -**  
If it is determined to be in the best interest of the State, ISSSD may instruct the custodial agency to sell the vehicle to the highest bidder.

**PREFERENTIAL SALES TO STATE EMPLOYEES ARE FORBIDDEN  
(SECTION IV, .08, A. AND B.)**

State Motor Vehicle Inspection Laws prohibit the State from selling vehicles directly to the public. Bids shall be accepted from licensed used vehicle or scrap dealers.

1. An Excess Property Declaration (DGS-950-9) shall be submitted to ISSSD prior to disposal.
2. Written approval from DBM to dispose of the vehicle shall accompany the Excess Property Declaration (DGS-950-9).
3. Request for bids shall be solicited in writing from at least three prospective bidders in the private sector. All three bids shall be forwarded to DGS/ISSSD for review. Before approving the sale, ISSSD may instruct the custodial agency to obtain additional bids or have the vehicle towed to an alternate site and sold.
4. The solicitation document shall state that the vehicle is being sold **"as is - where is"** with no implied warranties.
5. Upon receipt of the bid information, ISSSD shall forward an Excess Property Disposal Order (DGS-950-11) to the custodial agency with disposal instructions.
6. At the time the vehicle is taken out of service, the vehicle fueling card (if applicable) for the Statewide Fuel Dispensing System shall be removed from the vehicle and returned to the agency fleet manager.

The agency fleet manager must return the vehicle fueling card to Commercial Fuel Systems within 14 days. DO NOT DESTROY THE CARD.

7. Title and keys shall be turned over to the successful highest bidder.
8. State license tags shall be removed from the vehicle at the time of transfer and retained by the custodial agency.
9. The Excess Property Disposal Order (DGS-950-11) with Section A: completed and a copy of the check and transfer documents for the sale of the vehicle shall be forwarded to ISSSD. (Transfer documents can consist of completed Bill of Sale or copy of the title with transfer section completely filled in.)
10. After the vehicle is sold and all required documentation is received, ISSSD will instruct the agency to remove the vehicle from its property records.

- H. **VEHICLE TRANSFERS** - After DBM approval to transfer the vehicle is received, follow procedures in Section IV .04 A. B. of the DGS Inventory Control Manual, Rev. 7/03.

In addition to the above listed procedures the following is required by the custodial agency prior to transfer:

1. The vehicle fueling card (if applicable) for the Statewide Fuel Management Systems must be returned to the fleet manager.

The agency fleet manager must return the vehicle fueling card to Commercial Fuel Systems within 14 days of transfer.

**DO NOT DESTROY THE CARD.**

2. State license tags must be removed from the vehicle prior to transfer or transferred to the accepting agency through MVA.
3. Vehicle title transferred and keys turned over to the agency the vehicle is being transferred to.

**NOTE:        Accepting agency should then apply for a new vehicle fueling card (if applicable) and have title and state license tags transferred to the new custodial agency's name through MVA.**

- I. **VEHICLE DONATIONS** - After DBM approval to dispose of the vehicle is received, follow procedures in Section IV .05 G. of the DGS Inventory Control Manual, Rev. 7/03.

In addition to the above listed procedures the following is required by the custodial agency prior to donation:

1. The vehicle fueling card (if applicable) for the Statewide Fuel Management System must be returned to the fleet manager.

The agency fleet manager must return the vehicle fueling card within 14 days of the donation to Commercial Fuel Systems.

**DO NOT DESTROY THE CARD.**

2. State license tags removed from the vehicle prior to donation and returned to the Motor Vehicle Administration.
3. Vehicle title transferred and keys given to the appropriate donee.

**J. MISSING AND STOLEN VEHICLES** - Refer to Section V of the DGS Inventory Control Manual, Rev. 7/03.

In addition to the above listed procedures the following is required by the custodial agency when a vehicle is missing or stolen:

1. Report without delay to Commercial Fuel Systems that the vehicle fueling card (if applicable) for the Statewide Fuel Management System is missing/stolen. Commercial Fuel Systems should be contacted as soon as it is known that the fuel card is missing or stolen.
2. Report to MVA that the state license tags are missing/stolen.

**APPENDIX II**  
**STOREROOM TECHNIQUES**  
(Including Procedures and Controls)

The number of storerooms and their location should be of prime interest to the agency. Whenever new storerooms are being considered, the question of whether there should be one storeroom or many should be evaluated. Also, the amount of activity in the storeroom should be simulated - the number of withdrawals and receipts - to aid in determining personnel, layout and equipment needs. The agency should recognize that the need for accurate storeroom control must be balanced against the extra labor and material handling costs that can be easily generated by an overly rigid system.

It is sound policy to have one manager responsible for operation of the storeroom and the accuracy of the inventory records used to control the storeroom. The office of the agency buyer or primary procurement officer is the recommended area of responsibility for these functions. However, personnel actually involved in the record keeping and storeroom operations must function independently and indeed, must be physically separated from each other insofar as space and organization permits.

One of the basic problems faced by agencies in maintaining records to control storeroom inventories is that of assigning responsibility for record accuracy. Except for purely clerical errors such as keying mistakes, misfiling, and misplaced documents, most problems in maintaining the inventory records can best be eliminated in the storeroom. Among the typical causes of record inaccuracies are:

1. Allowing users to withdraw supplies to replace those lost, scrapped, or needed for other reasons in the user's program without completing the proper paperwork.

Possible solution:

Supplies should never be issued without properly approved withdrawal requisitions.

2. Withdrawal of supplies from the storeroom by unauthorized personnel - night shift operators, department foreman, service people, etc. without completing the proper paperwork.

Possible solution:

The night-shift problem can be handled by delegating authority to issue materials and the responsibility for completing the proper paperwork to a key employee, watchman or guard. Except in emergencies, paperwork should never be completed "after the fact" or on a delayed basis.

3. Direct delivery of urgently needed supplies to the user when they arrive from the vendor without going through inspection or having the proper paperwork completed.

Possible solutions:

Insofar as possible, a central receiving unit should be established and include procedures for priority handling of emergency and urgent deliveries.

In the event that deliveries must be made directly to the user, procedures should be in place to insure that all concerned are apprised of their responsibility to complete the necessary paperwork.

4. Misidentification of materials and supplies.

Possible solutions:

A commodity numbering system should be used. Commodity numbers, in addition to meaningful commodity descriptions, should be used to identify items on all paperwork transactions that are transmitted to the inventory record clerk.

Additionally, specific storage spaces or bins should be assigned to each commodity. Each space or bin should be labeled with the commodity number and description.

Insofar as possible, storeroom requisition forms should be preprinted with the commodity number and description.

The State of Maryland uses a standardized commodity numbering system for all commodities. For further information regarding this system, contact the DGS Inventory Standards and Support Services Division.

5. Inaccurate piece counts, compared with requisitioned quantities - caused by human error or deliberate delivery of package sizes or quantities which are different from the requisitioned amounts.

Possible solution:

The only real solution to this problem is good storeroom discipline. Storeroom withdrawal requisition forms should be in triplicate copies at least. One copy each should be retained by the requisitioner, the storeroom and the inventory record keeper. Any changes to requisition quantities, delivery quantities or items



ordered must be made on all three copies and both the requisitioner and the issuer should sign the requisition certifying delivered amounts before the copies are separated.

6. Misappropriation of property by dishonest people.

Possible solutions:

Keeping storerooms locked when unattended and restricting access to authorized personnel only will prevent property from being misappropriated by people not connected with the storeroom.

To help minimize property misappropriation by personnel connected with the storeroom, an accurate inventory record keeping system and segregation of duties is necessary. Accurate inventory records are the basis for identifying and monitoring property loss. Frequent periodic test counts of items that are highly subject to theft should be made and compared with record balances to identify shortages and initiate corrective action. Duties should be assigned so one individual is not in a position to perpetuate and conceal a misappropriation.

Storeroom personnel should be held accountable for items taken from storerooms without the required paperwork being completed.

7. Delayed flow of paperwork between material handling personnel and the inventory records, plus loss of some copies of important receipts or requisitions.

Possible solution:

One technique that can be of some assistance in being sure that all paperwork is getting into the inventory records is to have serially numbered forms for all documents that affect the inventory control records, so that missing documents can be traced.

Undoubtedly, most problems in controlling storeroom inventories can be traced to inadequate training and lax discipline. Personnel whose activities have the most effect on record accuracy may lack complete understanding of their duties or of the results of their failure to follow the proper procedures. Inventory users and material handling people sometimes have a disdain for paperwork that can only be overcome by reinforcing training and enforcing the rules. No system, manual or computerized, can be expected to generate real improvement in inventory record keeping until the controlled flow of information at all levels has been attained.

**APPENDIX III**  
**PHYSICAL INVENTORY TECHNIQUES**  
for  
**MATERIALS AND SUPPLIES STOREROOMS**  
(Including Procedures and Controls)

The primary reason for conducting periodic physical inventories is to insure accuracy of the inventory records and to account for stock items. Property officers, agency buyers and others responsible for keeping users supplied with their inventory needs should use the physical inventory data to correct any inaccuracies that may have occurred in the intervals between physical inventories.

Responsibility for conducting a physical inventory usually falls upon the agency buyer or property officer who should be sure that sound techniques are used to get the greatest benefits from the substantial costs incurred in such inventory-taking. As with any other task, the end results depend principally upon the effort put into preparation. Preparation for physical inventory involves four phases:

1. Housekeeping - Getting materials arranged and located properly so that they can be easily inventoried. Make sure that every item is stored in its proper normal location, and only in that location. All paperwork should be up to date before starting the inventory.
2. Identification - The quality of the inventory depends on the accuracy of commodity identification. All identification work should be completed prior to starting the inventory. Storage locations (bins, shelves, pallet areas, etc.) as well as the commodities should be clearly labeled with the commodity identification.
3. Instruction - Making sure that everyone involved in the inventory knows what to do, which items are to be inventoried and which are not, and the control disciplines that must be observed.
4. Training - Actual "hands-on" training in counting and checking must be given to those people who will do the counting. Every counter and checker should participate in practice counts. Since physical inventory is usually taken on a yearly basis, even experienced personnel need to have their memories refreshed.

In taking the inventory, four basic steps are usually involved:

1. Provide lists of items to be inventoried in each storeroom. Computerized inventory systems should provide the ability to produce such lists with space to write in item counts. Manual systems can rely on hand written lists or counting tickets.

2. Count the items and record the count on the listing or ticket. Mark the storage locations in a predetermined manner to indicate that counting has been completed for each area.
3. Verify the counts either by recounting (second count) or by sampling.
4. After appropriate investigation and approval, adjust the inventory records for differences between record and physical quantities and dollars. Auditing recounts should be made for significant discrepancies.

Agencies cannot take a passive approach to the annual physical inventory.

1. Accountable Officers and Property Officers should be active in organizing the inventory and supervising its taking.
2. They should also be available to answer questions on procedure or identification during the actual inventory.
3. Auditing teams should be available so that, as inventories are reported and posted against the records, obvious discrepancies can be checked immediately before storeroom activity is resumed and recounts made impossible.

Some general pointers that will help make a successful annual physical inventory are:

1. In choosing teams to conduct an inventory, one individual should be able to identify materials in order to correct misidentified items in the storeroom.
2. Serially numbered inventory identification tags or lists provide a method of ensuring that all items counted have been accounted for in the records.
3. **The most important concern in reconciling inventory records with the physical inventory data is the establishment of cutoff dates, so that paperwork in the system is accounted for properly. Accountings for all outstanding paperwork such as, requisitions, receiving reports, adjustments, etc., is just as important as the physical inventory of the parts. Input and output papers should be posted properly to inventory records so that a valid comparison of record balances and physical counts is possible. Except in emergencies, all storeroom operations should be suspended during the physical inventory. If at all possible, all paperwork should be up to date before starting the physical inventory.**
4. Inventory records should be posted and verified during the inventory if possible, and always before physical inventory information is passed on

To accounting. This permits rechecking physical counts and clearing up other questions immediately, so that the inventory data is purified and storeroom activity can be resumed based on accurate records.

One of the most helpful techniques to improve physical inventory-taking is a post inventory review. This is usually the time when people are least inclined to even think about physical inventory, but is also the time when problems that occurred during physical inventory-taking are freshest in mind. If the people most directly involved are assembled in a postmortem briefing, problems can be reviewed and specific program revisions can be developed to improve procedures for future physical inventories. This is also the time to review inventory usage and determine which items should be written off the inventory records.

## **APPENDIX IV**

### **CYCLE COUNTING**

There are many disadvantages in taking a yearly physical inventory, and many private companies no longer do it. Taking a physical inventory usually involves shutting the facility down and losing production. The manpower and paperwork can be very expensive. Since it is usually done under pressure, there is much hurrying to complete the inventory and it is frequently done poorly. Under any circumstances, using a large number of people who are not accustomed to the job of taking inventory almost always results in waste and errors. Not the least of the disadvantages of an annual physical inventory is that it results in correcting record errors only once a year for the great majority of items. Because of these disadvantages, many companies now use periodic cycle counting to insure the accuracy of their inventories.

Cycle counting involves taking physical inventories of specific items at regular intervals throughout the year, usually just before the items are reordered. Cycle inventory avoids the costly shutdown of production facilities and the high labor costs and overtime premiums that almost always result from the pressure to complete the annual physical inventory in minimum time. Additionally, cycle counting can usually be carried out by stockroom personnel during the off peak hours. Stockroom employees are more familiar with the numbering system and location of items in the storeroom. They can be trained to be far more accurate counters than other personnel who are involved in inventory taking only once a year.

A cycle inventory system should be designed so that fast-moving items are counted more frequently. Some cycle inventory systems count items only when they are reordered. Since more popular items are reordered more frequently, they will be counted and verified more frequently. Other cycle inventory systems specify how many times each item must be counted, often calling for A items to be counted twice during the year, B items annually, and C items every two years (for example).

A cycle inventory system may be based on a check of the quantity in the bins when a replenishment lot is received in the storeroom. This technique is particularly practical since the quantity to be counted is at a minimum and the record keeper has the item card ready for posting. In simple paperwork systems, it is sufficient to have the stockroom employee write the inventory quantity on the bottom of the receiving document. The inventory record keeper can then check that quantity against the item record when posting the quantity received.

There are disadvantages to cycle counting as well as advantages. The problem of establishing paperwork cutoff dates is difficult enough for the annual physical inventory, but it becomes even more challenging for cycle counts to be made while normal agency activities are going on. Picking up the paperwork in the system so that the inventory can be properly reconciled to the records requires considerable ingenuity and discipline.

The most serious disadvantage of the cycle count system is that it is usually done by regular stockroom personnel who normally have sufficient time to handle it. When activity at the facility picks up, however, there is always great reluctance to add more

personnel in the stockroom. In order to give stockroom personnel more time during heavy activity periods, cycle counting is too often discontinued. More cycle count systems have failed for this reason than have successfully been continued, in spite of the obvious advantages of cycle counting. The best solution is a team of cycle counters permanently assigned to this work.

Annual physical inventories or cycle checks are not a substitute for good records and discipline in handling paperwork. Many agencies recognize their failure to maintain accurate records because of the resulting problems generated from within (lack of personnel, more pressing areas of concentration, shortages, overstocks, etc.) but they often depend solely on physical inventories to straighten out their records. Unless the failures that caused the records to go wrong are corrected, the records will be in error again and again.

Cycle counting material and supply inventory is an acceptable alternative to taking annual physical inventories if proper procedures are established and followed. Unless an agency is using a DGS approved computerized system which includes cycle counting logic, written procedures to use cycle counting in lieu of taking an annual physical inventory must be submitted to the DGS Inventory Standards and Support Services Division for approval. In the event of an audit, agencies using approved computer systems must be able to document that they are following the cycle counting procedures in the system.

## **APPENDIX V**

### **EQUIPMENT IDENTIFICATION**

The system of identifying equipment should be so designed that it facilitates identification and control over the item as well as the taking of physical inventories. The method and extent of marking property for identification depends upon the value of the item, if it is subject to theft or loss, if it is intermingled with property of other agencies, and if marking the item will aid in the taking of physical inventories. The identification system should serve as a theft deterrent and provide positive identification for control purposes.

To deter theft and facilitate the recovery of stolen property, capitalized and non-capitalized equipment should be identified as State property by marking the items with the words "Property of the State of Maryland" \*. Agency designation is optional. To assure accurate physical inventories, each capitalized item should be further identified by its own unique property number (refer to Section II for definitions and capitalization limits).

- Identification markings on property should be located where they can be easily seen on the front or side of the item near the topmost surface.
- Out-of-sight identification is much less effective as a theft deterrent and should be avoided.
- To make it easier to locate identification markings when taking a physical inventory, like items should be marked in the same location.
- Markings should be permanent and applied in such a manner that they appear as neat and attractive as possible.

Permanent type labels that cannot be removed without destroying the label and causing some surface damage to the item are to be used for both sensitive and non-sensitive items.

Several satisfactory types of labels are:

1. Pressure Sensitive Labels. These labels can be plasticized paper, mylar, foil, or any other type of permanent substance. In no case should they be made of untreated paper. They may be ordered in a variety of sizes and imprinted with consecutive property numbers and the identification "Property of the State of Maryland." These labels are relatively inexpensive, have varying degrees of permanence and are preferred by DGS.
2. Anodized Aluminum with solvent activated adhesive backing. These labels can be imprinted across the upper section with the inscription "Property of the State of Maryland." They may also be ordered with stamped consecutive property numbers, consisting of a maximum of ten

positions for numbers, letters and spaces. These labels are moderately expensive and may require reapplication if used in low humidity areas.

3. Aluminum, brass or alloy labels - These labels usually have pre-drilled holes for attachment with rivets or screws. A somewhat outmoded technique, they are usually very expensive and their use is not encouraged.

To facilitate physical inventory taking, the use of a bar coded or other electronically sensed labels are encouraged. New computerized systems for controlling equipment assets should encompass electronically sensed labels. Contact the DGS Procurement and Logistics for information regarding label purchases from Statewide contracts.

### **NOTES:**

- For sensitive items (items highly subject to theft) permanent labeling may mean surface etching, especially on hard or non-porous materials. An inexpensive hand electric engraver, available at most department and discount stores, is recommended for this purpose. The tool creates a series of surface depressions that gives an illusion of a solid line to the naked eye. With practice, anyone can safely use this tool to neatly and attractively mark State property.
- Items that have a porous surface may also be marked with an indelible ink or paint that penetrates deeply into surface pores.
- Labels may not adhere properly to rough, greasy or dirty surfaces. Before applying labels to furniture and equipment, make sure the surface area is free of dirt, grease, oil. Rough surfaces should be sanded or ground smooth.
- The use of different label colors or sizes will make it easy to distinguish capital from noncapital equipment items when taking physical inventories. Also, the agency name or number added to labels will prove helpful in identifying property whenever it is intermingled with property of another agency.
- Unless an agency intends to re-label all items to meet the requirements of a computerized system, items currently identified as "State of Maryland Property" need not be re-labeled, nor should any existing supplies of identification labels be discarded. When reordering, new labels should conform to these suggestions and to the procedures in Section II.



## **APPENDIX VI**

### **MINIMUM REQUIREMENTS FOR COMPUTERIZED INVENTORY SYSTEMS**

There are certain minimal State standards which must be incorporated in computerized inventory systems. Therefore, before any computerized inventory system is implemented by an agency, it must be approved for use by the Department of General Services.

Agencies must insure that the minimum State requirements are contained in the software they choose. The agency must submit the system design and specifications to the Inventory Standards and Support Services Division for approval prior to programming.

#### **CAPITAL EQUIPMENT:**

##### **A. Data Requirements**

1. The minimum data element requirements are set forth in Section II .04 A.
2. Additionally, the following data shall be recorded for each item:
  - a. Sensitive item designation - Usually a one position field (S)
  - b. Accountable Officer designation - Name, initials, title or account code

##### **B. Reporting Requirements**

The system should be able to retrieve the following reports:

1. Items by Property Identification (tag) Number:
  - a. All items for the entire facility
  - b. All items by Accountable Officer
  - c. Sensitive only items for the entire facility
  - d. Sensitive only items by Accountable Officer
  - e. Non-sensitive only items for the entire facility
  - f. Non-sensitive only items by Accountable Officer
2. Physical Inventory Reports:
  - a. Items not found during physical inventory
  - b. Items found, but not recorded on inventory files
  - c. Final reconciled list of inventoried property
3. Property acquired within a given time frame for the entire facility and by Accountable Officer.

4. Property disposals within a given time frame for the entire facility and by Accountable Officer.
5. Register of changes and/or updates to inventory data bases (Audit Trail).

C. Control Accounts

Control accounts may be computerized, but must be maintained separately from the inventory computerized inventory system, and by different personnel.

D. Bar Coding Logic

The use of bar code and other electronic sensing media for identifying and inventorying State property is not a minimum State requirement, but is encouraged. It must be recognized however, that the only use of a bar coded identification labels is to assist in taking physical inventories. Bar code scanners can only read small amounts of encoded information. Files must be built and maintained, property ID labels must be applied and all other capital inventory paperwork and functions must be accomplished whether or not bar codes are used. The advantages of using bar codes are:

- Inventory taking is much faster.
- Inventories can be taken by relatively inexperienced personnel.
- Inventories are impartial and nonjudgmental. The scanner can only record what it reads.
- The state-of-the art is such that in most cases, physical inventories are not disruptive. Personnel in the area may not even be aware that a physical inventory is in progress.

1. Property Identification Labels

For inventory purposes, it is not necessary that the bar code software be able to encode and generate property tags. Unless specialized printers are acquired, it may not be possible to print on anything other than untreated paper which is not acceptable for labeling equipment items (See Section II and Appendix V). The purchase of preprinted property tags of an acceptable material is recommended

2. Logic

The bar code software must have the ability to:

- a. "Download" and decode information (property ID numbers) from a bar code reader or scanner into a sequential transaction type file.
- b. Match the downloaded data with the inventory master file and cause the physical inventory date in the master file to be updated.
- c. Create a temporary file of downloaded property ID numbers for which no matching inventory master records are found.
- d. Create a temporary file of inventory master records for which no matching downloaded property ID numbers are found.
- e. Print reports of unmatched data. (See B 2 (a) & (b) above.)

### **MATERIALS AND SUPPLIES:**

- A. In addition to the data element requirements in Section II .05.A (3), the following are required for each commodity item:
  1. Demand type - How often the item will be ordered.
  2. Lead time - How long it takes from the time a purchase order is created until the material is delivered.
  3. Stocking levels - Based on demand type; the maximum quantity allowed on hand, the minimum quantity allowed on hand, and the quantity at which the item should be reordered. Safety stock may be factored into these quantities.
  4. Safety stock - The quantity required to insure that there will be sufficient stock on hand to cover the lead time period and prevent a "stock out" situation.
  5. Investment Analysis and Performance Monitoring Control Data - These are a variety of data elements and equations used to control materials and supplies inventories.

### **B. Additional Logic Requirements**

The system should also incorporate logic for the following:

1. Automatic Reorder Notices
2. Cycle Count Logic
3. Inventory ABC Classifications and ordering strategies

4. Investment Analysis and Reporting
5. Overstock and unused stock notices
6. Stock usage history
7. Transaction Listings and audit trail
8. Stock room catalogs
9. Individual item status inquiries
10. Ad Hoc Management reporting, if required by agency management

C. Review and Assistance

1. The DGS Inventory Standards and Support Services Division will provide detailed logic requirements and formulae for all the above listed computerized system requirements.
2. Regardless of the software an agency chooses to operate its computerized inventory systems, the Inventory Standards and Support Services Division staff will be available for consultation and technical assistance. Contact the Division at 410-767-0587.

**APPENDIX VII**  
**PROCEDURE FOR ADJUSTING DOLLAR VALUE THRESHOLD**  
**FOR CAPITALIZING EQUIPMENT ASSETS**

**.01 AUTHORITY**

The Board of Public Works has delegated authority to the Department of General Services to increase the threshold for capitalizing equipment assets as high as \$500.00 for non-sensitive items and as high as \$250.00 for sensitive items.

**.02 SCOPE**

These procedures apply only to capital equipment items under the control of all units of State government which procure supplies under Division II and are required to file an Annual Report of Fixed Assets (see Exhibit 3) with DGS as of June 30 each year.

**.03 CRITERIA FOR INCREASING FIXED ASSET CAPITALIZATION THRESHOLD**

In order to increase an agency's threshold amount a written request for the increase shall be submitted by the Agency Head or Designee and shall include the following:

- A. Certification by the property officer or his designee that a physical inventory has been taken and reconciled.
- B. A Report of Missing or Stolen State Property (Form DGS-950-8) for any items that were not located during the physical inventory and any outstanding Reports of Missing or Stolen State Property that have not yet been submitted to DGS.
- C. A copy of the Agency's last Legislative Audit Report. Only submit the portion dealing with any inventory exceptions. If there were no inventory citations during the last audit, a statement to that effect shall be include in the letter of request.
- D. A detailed listing of all items which will be removed from the Agency's records as a result of the threshold increase. The listing must provide the description, dollar value of each item, the total number of items and the total dollar value of the items.

**.04 POLICY**

- A. Each agency is vested with the responsibility for the control, care, maintenance and security of all State property within its organization regardless of its value.

- B. Agencies continue to be accountable for items removed from capital inventory records due to an increase in the capitalization threshold. Such items become non-capital equipment and must be identified as State property.
- C. Disposal of non-capital equipment must be accomplished in accordance with Section IV of the Department of General Services Inventory Control Manual (Revised 7/03).
- D. Reporting of missing and stolen non-capital equipment must be accomplished in accordance with Section V of the Inventory Control Manual.
- E. Refer to Section II.04 of the Inventory Control Manual for procedures regarding inventory controls for non-capital equipment.

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